



nelson mandela bay
M U N I C I P A L I T Y

BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)

2015/16 SUBMISSION

MAY 2015

TABLE OF CONTENTS

1.	INTRODUCTION AND BACKGROUND	1
1.1	INTRODUCTION.....	1
1.2	PURPOSE OF BEPP	1
1.3	ADOPTION OF BEPP BY COUNCIL.....	4
1.4	RELATIONSHIP OF BEPP TO OTHER STRATEGIC DOCUMENTS.....	5
1.5	REFERENCE DOCUMENTS IN PREPARING THE BEPP	6
2.	STRATEGIC REVIEW OF BUILT ENVIRONMENT	7
2.1	CURRENT PERFORMANCE OF BUILT ENVIRONMENT	7
2.2	TRENDS AND DEMAND FOR ECONOMIC INFRASTRUCTURE	21
2.3	TRENDS AND DEMAND FOR BASIC INFRASTRUCTURE.....	38
2.4	TRENDS AND DEMAND FOR RESIDENTIAL INFRASTRUCTURE.....	47
2.5	TRENDS AND DEMAND FOR COMMUNITY AND SOCIAL INFRASTRUCTURE .	56
2.6	TRENDS AND DEMAND FOR TRANSPORTATION	57
2.7	TRENDS AND DEMAND FOR SUSTAINABLE DEVELOPMENT	66
2.8	IMPACT OF SECTOR TRENDS AND DEMAND ON SPATIAL FORM	74
3.	STRATEGIES AND PROGRAMMES.....	77
3.1	STRATEGIC DEVELOPMENT REVIEW.....	77
3.2	LONG-TERM VISION.....	83
3.3	SPATIAL DEVELOPMENT STRATEGY OF NMBM	84
3.4	AREA-BASED MANAGEMENT INITIATIVES.....	97
3.5	COORDINATION AND ALIGNMENT WITH SIPS.....	107
3.6	LAND RELEASE AND DEVELOPMENT STRATEGY AT CITY-WIDE LEVEL	111
3.7	IDENTIFICATION OF URBAN NETWORK, INTEGRATION ZONES AND HUBS.	113
4.	OUTCOMES AND OUTPUT	159
5.	INSTITUTIONAL AND FINANCIAL ARRANGEMENTS.....	160
5.1	INSTITUTIONAL ARRANGEMENTS FOR INTEGRATED PLANNING	161
5.2	INSTITUTIONAL ARRANGEMENTS FOR CAPITAL PROGRAMME MANAGEMENT.....	163
5.3	SUPPLY CHAIN MANAGEMENT AND PROCUREMENT PLAN	164
5.4	PARTNERSHIPS	165
5.5	VALUE OF PROGRAMMES AND PROJECTS BY SECTOR	166
5.6	VALUE OF PROJECTS BY INTEGRATION ZONES	167
5.7	NON-INFRASTRUCTURE RELATED INTERVENTIONS IN INTEGRATION ZONES	167
5.8	APPLICATION OF GRANT ALLOCATIONS	168
6.	BIBLIOGRAPHY	170

LIST OF ANNEXURES

ANNEXURE “A” – Draft Performance Matrix

ANNEXURE “B” – Overview of Economy

ANNEXURE “C” – Development Areas Map

LIST OF ACRONYMS

APDP	Automotive Production and Development Programme
ATTP	Assistance to the Poor
BEPP	Built Environment Performance Plan
BRT	Bus Rapid Transport
CBD	Central Business District
CDC	Coega Development Corporation
CETT	Corporate Environmental Task Team
CIDZ	Coega Industrial Development Zone
CITP	Comprehensive Integrated Transport Plan
CORPGIS	Corporate Geographic Information Systems
CSIP	Capacity Support Implementation Plan
CSP	City Support Programme
DBSA	Development Bank of Southern Africa
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DORA	Division of Revenue Act
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EC	Eastern Cape
ECSECC	Eastern Cape Socio-economic Consultative Council
EDRS	Economic Development & Recreational Services
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
ETC	Eastern Cape Training Centre
EPRU	Eastern Province Rugby Union
GGP	Gross Geographic Product
GIS	Geographic Information Systems
GRAP 17	Generally Recognised Accounting Practices (Property, Plant and Equipment)
GVA	Gross Value Added

HDA	Housing Development Agency
HDMS	Housing Delivery Management System
HIV/AIDS	Human Immunodeficiency Virus causing the Acquired Immunodeficiency Syndrome
HSDG	Human Settlements Development Grant
HURP	Helenvale Urban Renewal Programme
ICC	International Convention Centre
ICDG	Integrated City Development Grant
ICLEI	International Council for Local Environmental Initiatives
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IHHSG	Integrated Housing and Human Settlements Grant
ILIS	Integrated Land Information System
INEP	Integrated National Electrification Programme
IPTS	Integrated Public Transport System
IT	Information Technology
ITP	Integrated Transport Plan
LAMS	Land Asset Management System
LED	Local Economic Development
LSDF	Local Spatial Development Framework
LUMS	Land Use Management System
MBDA	Mandela Bay Development Agency
MDTTT	Multi-Disciplinary Technical Task Team
MIDP	Motor Industry Development Programme
Multi OEM	Multi Original Equipment Manufacturers Complex
MOSS	Metropolitan Open Space System
MRF	Materials Recovery Facility
MSW	Municipal Solid Waste
MURP	Motherwell Urban Renewal Programme
NDP	National Development Plan
NDPG	Neighbourhood Partnership Development Gant
NEMA	National Environmental Management Act
NFSD	National Framework for Sustainable Development
NLLS	Nooitgedacht Low Level Scheme
NMBBC	Nelson Mandela Bay Business Chamber
NMBM	Nelson Mandela Bay Municipality

NMBM IDP	Nelson Mandela Bay Municipality's Integrated Development Plan
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NMMOSS	Nelson Mandela Metropolitan Open Space System
NMMU	Nelson Mandela Metropolitan University
NSSD	National Strategy for Sustainable Development
NT	National Treasury
PDoHS	Provincial Department of Human Settlements
PICC	Presidential Infrastructure Coordinating Commission
PPC	Pretoria Portland Cement Company
PPF	Project Preparation Facility
PRASA	Public Rail Authority of South Africa
PTIG	Public Transport Infrastructure Grant
PTIS	Public Transport Infrastructure and Systems
PTISG	Public Transport Infrastructure and Systems Grant
PTNO	Public Transport Network Operator
PTOG	Public Transport Operating Grant
PTP	Public Transport Plan
RE Scheme	Return Effluent Scheme
ROD	Record of Decision
SCU	Sustainable Community Unit
SCUs	Sustainable Community Units
SDBIP	Service Delivery and Budget Implementation Plan
SDR	Strategic Development Review
SEZ	Special Economic Zone
SIPs	Strategic Infrastructure Projects
SMP	Sanitation Master Plan
SRA	Special Rating Area
StatsSA	Statistics South Africa
TNPA	Transnet National Ports Authority
UNS	Urban Network Strategy
USDG	Urban Settlements Development Grant
W&S	Water and Sanitation
WMP	Water Master Plan
WtE	Waste-to-Energy
WWTW	Waste Water Treatment Works

1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This Built Environment Performance Plan (BEPP) follows the BEPP content and format as supplied by National Treasury in the Guidance Note (National Treasury, Cities Support Programme: BEPP Guidance Note for 2015/16 – 2017/18, 2014) as well as the Supplementary Note to the Guidelines for BEPP 2015/16 - 2017/18 dated 16 March 2015. It should be read in conjunction with the 2014/15 BEPP submission for additional background information.

1.2 PURPOSE OF BEPP

The BEPP is a requirement of the Division of Revenue Act (DoRA) in respect of the various infrastructure grants related to the built environment of metropolitan municipalities. It is submitted to National Treasury in order to, *inter alia*, access the following conditional grants:

- Integrated City Development Grant
- Urban Settlements Development Grant
- Human Settlements Development Grant
- Public Transport Infrastructure Grant
- Neighbourhood Partnership Development Grant
- Integrated National Electrification Grant

The BEPP aims to demonstrate the use of these grants for the purpose of spatial restructuring through targeting capital expenditure in areas that will maximise the positive impact on citizens, leverage private sector investment, and support growth and development towards a transformed spatial form and a more compact city.

This Built Environment Performance Plan builds on the 2014/15 BEPP by:

- articulating the Urban Network Strategy investments more clearly;
- focusing on the integration of initiatives to improve overall sustainability of the Municipality from a spatial, institutional and financial perspective;
- introducing the City's Transformation Framework;

- introducing the City Support Programme support initiatives that have been identified in support of the City Transformation Framework;
- the identification of a suite of catalytic projects in integration zones as identified in the Urban Network Strategy; and
- promoting the upgrading and development of informal settlements in terms of the ongoing implementation of the housing programme.

During the current financial year (2014/15), the NMBM has undertaken a number of initiatives that will ultimately improve the focus and alignment of the BEPP with strategic initiatives of the Municipality. Most importantly, as part of the City Support Programme, a Strategic Development Review (SDR) was undertaken. Simultaneous with this, the NMBM has approached the 2015/16 budget preparation process in a manner that will assist to align the budget more appropriately with the IDP, BEPP and SDR. The budget development process has incorporated enhanced administrative and political participatory processes by having held two Budget Lekgotlas dedicated to a political and administrative discussion regarding the 2015/16 budget.

The Strategic Development Review process has been completed and is discussed in more detail under section 3 of this report.

During the course of preparation of this BEPP, the Capacity Support Implementation Plan (CSIP) has been further implemented. The CSIP identifies a number of programmes of support for the NMBM through the City Support Programme of National Treasury. As these programmes are further developed, they will influence the critical sections of the BEPP relating to strategies and programmes, outcomes and outputs and institutional and financial arrangements.

The CSIP is directly linked to the City Transformation Framework which reflects the short, medium and longer term initiatives to be undertaken by the City to effect transformation. Many of these initiatives are contained in the CSIP.

The City Transformation Framework identifies interventions across 5 areas of the municipalities work. These are as follows:

- Administration
- Partnerships
- Plans
- Service Delivery and
- The Economy

The Strategic Development Review and Budget Process Review mentioned above have already been partially implemented. The following tables show the main programmes of the City Transformation Framework and CSIP. These have influence over this BEPP and will also influence further iterations of it. Not all of the projects have been initiated simultaneously. Some are due to begin during the 2015/16 financial year.

FIGURE 1: City Transformation Framework

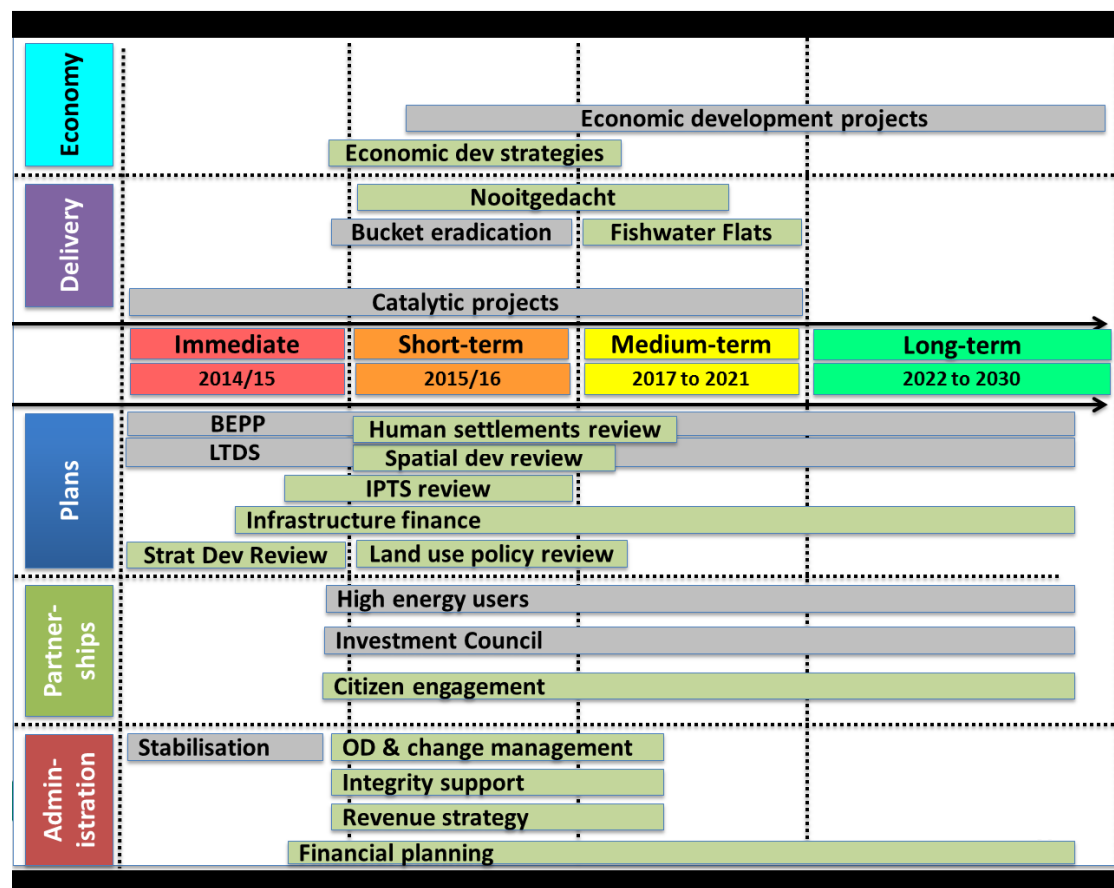


TABLE 1: Capacity Support Implementation Plan

Type of project	No.	Project	Status
Strat review	1	Strategic development review	Completed
Organisational	2	Organisational change management support	Terms of Reference
	3	Integrity strategy development & implementation	Underway
	4	Expanding modalities for citizen engagement	Underway
Financial	5	Financial planning support	Underway
	6	Revenue strategy & management support	Terms of Reference
	7	Infrastructure financing support	Underway
Policy	8	Long term development planning support	Underway
	9	Spatial development framework	Terms of Reference
	10	Land use management options, policy & practices	Terms of Reference
	11	Integrated public transport system	Underway
	12	Human settlements support	Terms of Reference
Economic	13	City economic development strategy	Underway
	14	Economic development interventions	Terms of Reference
Catalytic	15	Catalytic projects	Underway

1.3 ADOPTION OF BEPP BY COUNCIL

The 2015/16 BEPP is to be adopted by Council by 29 May 2015 and submitted to National Treasury in compliance with DoRA.

1.4 RELATIONSHIP OF BEPP TO OTHER STRATEGIC DOCUMENTS

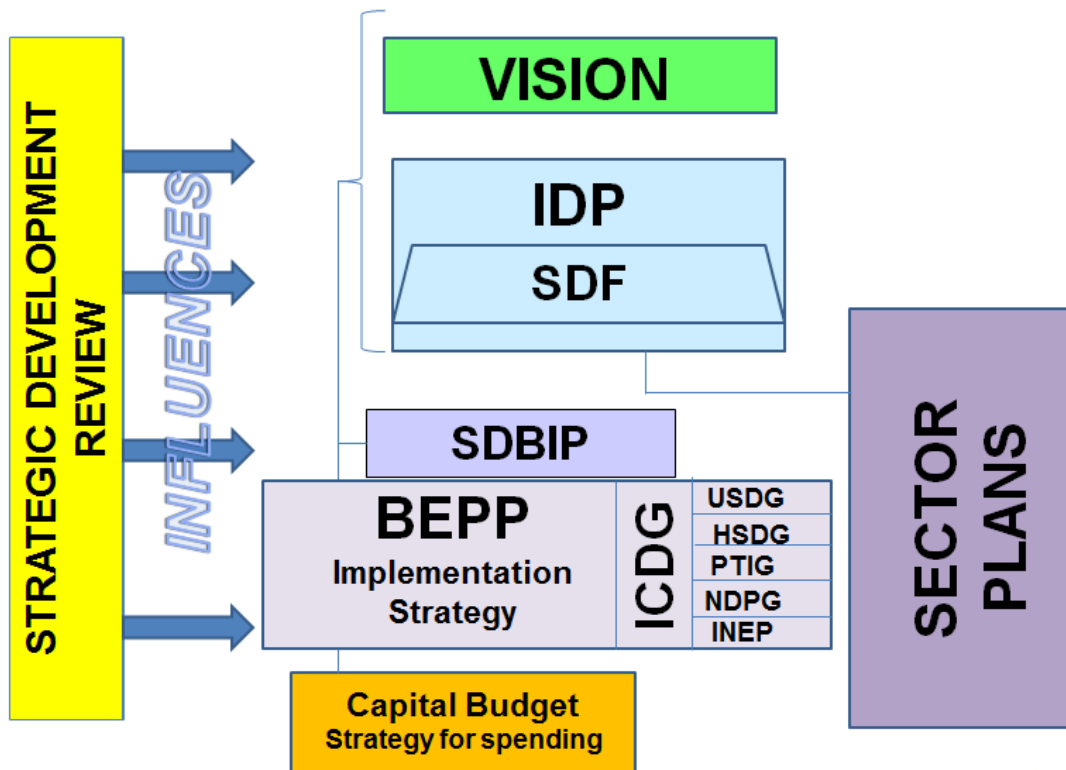
The BEPP is to be read together with, and is complementary to, the Municipality's key strategic documents, including the Integrated Development Plan (IDP), the Budget, the Spatial Development Framework (SDF) and the Integrated Public Transport Strategy (IPTS).

The BEPP can be seen to represent the investment strategy of the Municipality in fulfilling its objectives of equitable city development, transformed spatial realities and more compact city development.

The following diagram reflects the interrelationship between the BEPP and key strategic programmes/plans of the City:

FIGURE 2: Strategic Plan relationship to the BEPP

SDR/IDP/BEPP/SDF/BUDGET RELATIONSHIP



1.5 REFERENCE DOCUMENTS IN PREPARING THE BEPP

The following documents have served as reference documents in the preparation of the 2015/16 BEPP:

Algoa Water Reconciliation Study, 2012
 ANC Election Manifesto, 2014
 Budget Speech by South African Minister of Finance, 2014
 Built Environment Performance Indicators (Draft)
 Cities Support Programme: Built Environment Performance Plans (BEPPs) Guidance Note, 2014
 BEPP, 2014/15 approved by Council on 29 May 2014
 City Support Implementation Plan, 2014
 Comprehensive Integrated Transport Plan, 2011
 Demographic Update for NMBM by Development Partners, 2007
 Human Settlements Spatial Planning Framework (SPF) - Concept Note, 2014
 Informal Settlements Upgrading Plan, 2008
 Infrastructure Maintenance Backlog Assessment, 2011
 National Development Plan, Vision 2030
 Nelson Mandela Bay Industrial Development Strategy 2012
 NMBM 2014/15 Integrated Development Plan
 NMBM Draft Budget 2015/16
 Human Settlements Strategic Framework 2030, 2012
 NMBM Local Government Turnaround Strategy, 2010
 NMBM Metropolitan Spatial Development Framework, 2009
 NMBM Sanitation Master Plan, 2012
 NMBM Water Master Plan, 2006
 NMBM Municipal Waste Diversion and Beneficiation, 2015 (an Extract)
 Proposed high-level Housing Strategy for Nelson Mandela Bay Municipality, December 2012 by Shisaka Development Management Services
 SA Census 2011, Stats SA, 2011
 Strategic Development Review - NMBM 2014
 Supplementary Note to the Guidelines for BEPP 2015/16 - 2017/18
 Sustainable Communities Planning Guide, 2007

2. STRATEGIC REVIEW OF BUILT ENVIRONMENT

2.1 CURRENT PERFORMANCE OF BUILT ENVIRONMENT

2.1.1 Situational analysis of Nelson Mandela Bay

STATS SA describes Nelson Mandela Bay as follows:

“Nelson Mandela Bay Municipality is located on the south- eastern coast of Africa in the Eastern Cape. It is one of eight category A municipalities in South Africa. In 2001, the Nelson Mandela Bay Metropolitan Municipality was formed as an administrative area covering Port Elizabeth, the neighbouring towns of Uitenhage and Despatch, and the surrounding agricultural areas. Nelson Mandela Bay is a major seaport and automotive manufacturing centre.

The Coega Industrial Development Zone (IDZ) is situated within the Nelson Mandela Metropolitan Municipality. The initiative is a multibillion-dollar industrial development complex customized for heavy, medium and light industries. It is adjacent to a deepwater port, the Port of Ngqura, and covers 110 km² of land. The city's unique advantage of possessing two ports, namely Port Elizabeth Harbour and Ngqura, creates an opportunity for the city to establish a strong and vibrant maritime sector”.

A situational analysis of Nelson Mandela Bay, covering various socio-economic trends, is presented below.

Demographic Background

(a) Current situation

The following statistics are relevant:

- Population - 1,152,115 (Census 2011)
- Households (formal) - 276 850 (Census 2011)
- Area covered - 1 950 km²
- Unemployment rate - 36,6% (Census 2011)

The composition of the above is detailed in the tables below:

TABLE 2: Demographic Information on Nelson Mandela Bay: Age Distribution

0-14 Years Old	15-65 Years Old	> 65 Years Old	Total
294269	795392	62453	1152114
25.54%	69.04%	5.42%	100.00%

Source: Stats SA, 2011

TABLE 3: Demographic Information on Nelson Mandela Bay: Household Distribution

Type of household	Total
Formal households	276850
Informal households	30202
Households/Flats/Rooms in back-yards	6890
Informal households in back-yards	8862
Other	1488
Total	324292

Source: Stats SA, 2011

TABLE 4: Demographic Information on Nelson Mandela Bay: Employment Status

Official employment status	Working age population	% of working age population
Employed	290155	36.48%
Unemployed	209088	26.29%
Others (not economically active)	289969	36.46%
Not applicable	6180	0.78%
Labour (Total)	795392	100.00%

Source: Stats SA, 2011

The population trend in Nelson Mandela Bay is reflected in the table below:

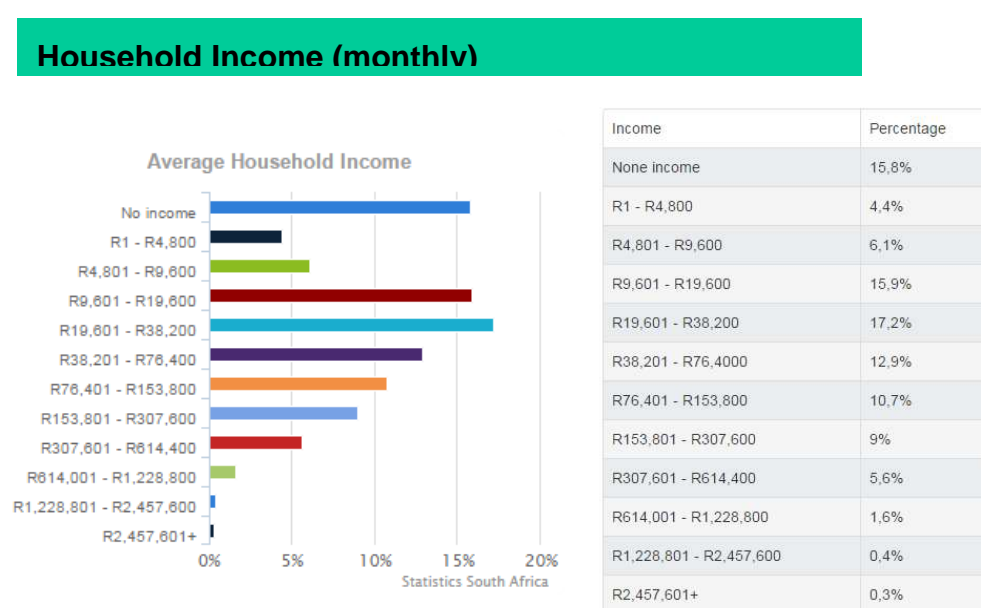
TABLE 5: Population Trends for Nelson Mandela Bay (2001 to 2011)

Year	Total	Asians Indians (%)	Black Africans (%)	Coloureds (%)	Whites (%)
2001	1 005 804	1.12	58.93	23.43	16.51
2007 (CS)	1 050 933	0.92	60.40	22.56	16.12
2011	1 152 112	1.11	60.13	23.56	14.36
2015	1 224 630	1.1	56.0	24.1	18.8
2020	1 243 930	1.0	55.9	24.4	18.7

Sources: StatsSA (Census, 2001), StatsSA (Community Survey, StatsSA Mid-year Estimates and StatsSA (Census, 2011)

The above trends show that there is very low population growth - an additional 19 300 population in the next five years - 2015 to 2020. This translates to approximately 5 000 housing units assuming four persons per unit. This figure is very low. Coupled to the fact that most of the 5 000 units will be in the subsidized sector, it can be seen that private sector growth is very low.

FIGURE 3: Household Income Distribution (2011)



Source: StatsSA; Census 2011

The above figure shows that the 26.3% of the NMBM households earn less than R9 600 per month and is therefore potentially dependent on subsidized public sector housing.

Nelson Mandela Bay is the driver of the Eastern Cape economy, with 41,81% of the provincial GGP (Global Insight, 2013).

- 83 660 of the total number of 276 850 formal households are classified as indigent (in terms of the indigent register of the Municipality).
- 44% of households receive at least one social grant.
- The HIV/AIDS prevalence rate is 30,8%.
- Approximately 3% of residents have received no schooling; 13% have passed Grade 7 or less (primary school level); while 75% have passed Grade 12 or less (secondary school level) (these figures exclude the current population of children of pre-school and school-going age, i.e. 0-19 years) (Census, 2011).
- The overall population density is 80 – 100 persons per hectare (20 units per hectare).
- The predicted population for 2020 is 1 243 930.
- The growth is therefore predicted to be less than 100 000 people (25 000 units) for all population groups over the next 7 years. This is in accordance with studies showing low in-migration figures, and the findings of the NMBM's demographic study.

The following aspects support the information provided above and serve to illustrate the socio-economic trends in Nelson Mandela Bay.

(b) Assistance to the Poor (ATTP)

The assistance to the poor statistics are a valuable yardstick to measure the wealth or financial state of residents in the Metro. They indicate the percentage of municipal account holders that cannot afford municipal services. This is directly related to poverty levels in Nelson Mandela Bay.

Households that are unable to pay their monthly municipal accounts and which apply and qualify for ATTP in terms of the municipal ATTP policy, receive financial assistance from the Municipality. This financial assistance comes from the Municipality's Equitable Share Allocation.

As the number of ATTP beneficiaries grows, so more free basic services are provided to poor households. This erodes the Equitable Share Allocation and less of this grant can therefore be used for repairs and maintenance. This results in an increase in municipal repairs and maintenance backlogs.

In the 2010/11 financial year, the Municipality launched a vigorous ATTP verification process. Since 2011, this verification process has been conducted annually. This process initially resulted in a reduction in the number of ATTP beneficiaries, which caused a saving.

However, in recent years, the number of ATTP beneficiaries has grown. Each new successful ATTP applicant's outstanding debt is written off as part of the ATTP process. This results in a concomitant outflow from the Equitable Share allocation. In the 2013/14 financial year, the ATTP register reflected 83,660 verified successful beneficiaries. In the 2013/14 financial year, an additional 12 109 beneficiaries were added. This is indicative of increasing levels of poverty as well as the formalization of housing for the poor. In the second quarter of the 2014/15 financial year, 2 100 additional ATTP beneficiaries were approved and another 9 091 applications were received. This will put the financial resources under additional stress.

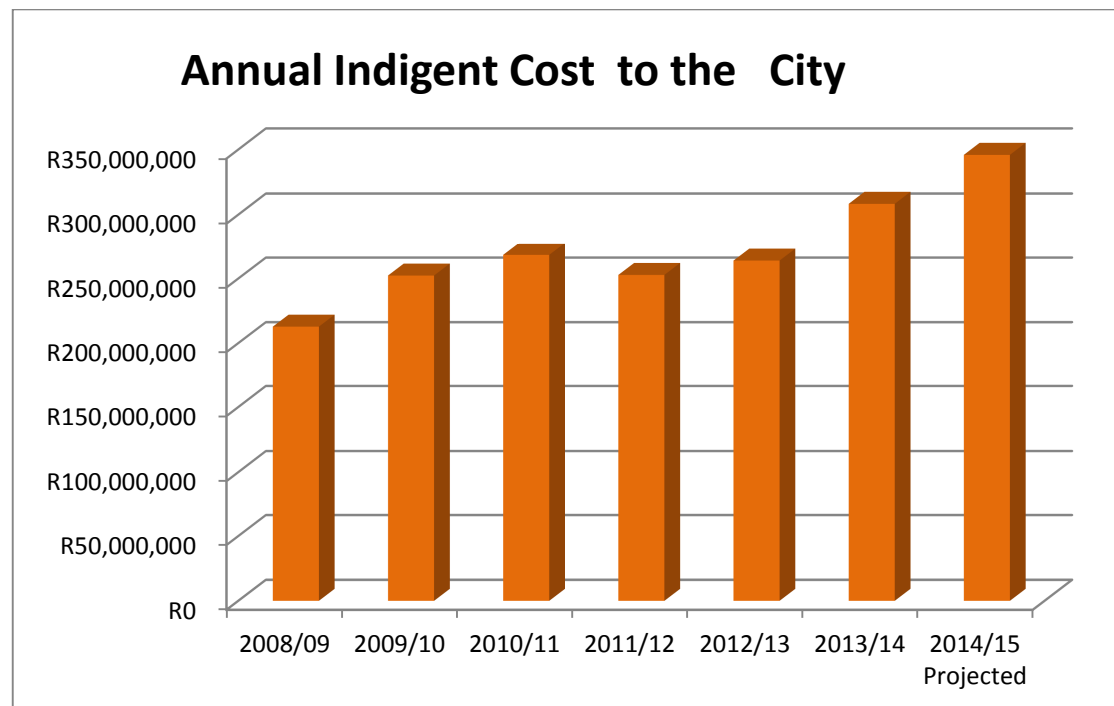
The following table illustrates the number and value of Equitable Share subsidies allocated to ATTP households.

TABLE 6: ATTP - Number and Value of Financial Assistance to ATTP Households

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 (31 March 2015)	2014/15 Projected
Number of approved ATTP households	109,534	108,665	95,489	86,172	71,551	83,660	85,670	85,760
Indigent Cost to the City	R 212,753,832	R 252,311,837	R 268,321,432	R 252,770,170	R 263,880,851	R 308,292,772	R 259,422,919	R 345,897,225
Equitable Share Allocation	R 682,450,000	R 456,625,000	R 602,883,000	R 656,653,000	R 729,226,000	R 743,325,000	R 761,606,000	R 761,606,000
Percentage E-Share allocated to ATTP	31%	55%	45%	38%	36%	41%	30%	45%

Source: NMBM Budget & Treasury, 2015

FIGURE 4: Financial contributions made to indigent households in Nelson Mandela Bay

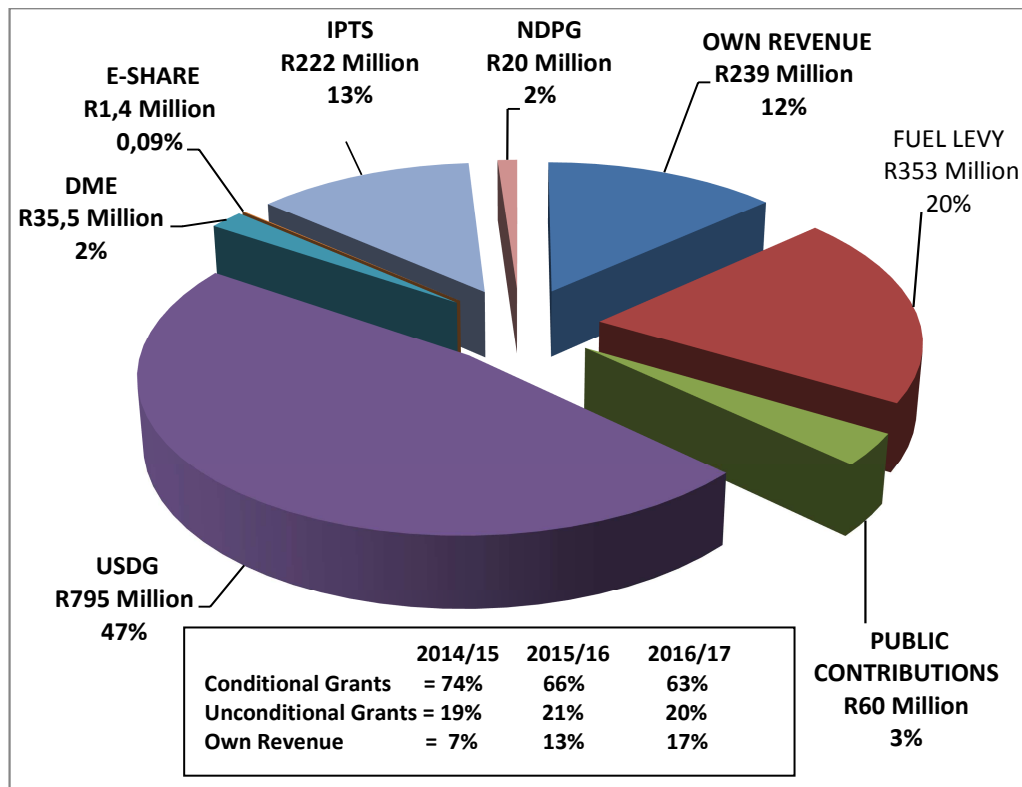


Source: NMBM Budget & Treasury, 2015

(c) Financial Overview of Nelson Mandela Bay Municipality

The total NMBM Draft Capital Budget for the 2015/16 financial year is R1.68 billion.

FIGURE 5: 2015/16 Draft Capital Budget - Sources of Funding



Source: NMBM Budget & Treasury, 2015

TABLE 7: 2015/16 Draft Capital Budget - Sources of Funding (VAT Inc.)

Funding Source	Value	Percentage
Own Funding (Capital Replacement Reserve)	199,386,000	12%
Fuel Levy	353,437,107	20%
Public Contributions	60,420,000	3%
Urban Settlements Development Grant	795,162,649	47%
DME - Electrification Grant	35,500,000	2%
IPTS	222,256,000	13%
E-Share	1,482,000	0.09%
Neighbourhood Development Partnership Grant (NDPG)	20,000,000	2%
Total Draft Capital Budget Funding	1,687,643,757	100%

Source: NMBM Budget & Treasury, 2015

(d) Access to services

(i) Water

- 100% of informal households within the urban edge have access to water within a 200 m radius.
- Informal areas receive water through standpipes (within a 200 m radius) and water tanks, except for communities occupying private land illegally.

(ii) Sanitation

- Approximately 91% of households are connected to sanitation.
- 20 900 buckets are still in circulation as a means of sanitation.

Bucket eradication is a priority in order to fulfill the Outcome 8 Policy objectives. The Municipality is engaging with the National Upgrading Support Programme (NUSP) in this regard. During the course of 2014, the Council adopted a more concerted approach to the eradication of buckets which is detailed later in this document.

(iii) Public health

Solid waste management (refuse removal)

- 100% of formal and informal households are provided with a basic level of refuse collection. This excludes informal areas on privately owned erven and erven not earmarked for human settlements development.

(iv) Electricity

- 100% of households in formally demarcated residential areas have access to electricity.
- It is estimated that 6% of households have no access to electricity. These include informal households on privately owned land. In recent years, great strides have been made to provide electricity to all informal settlements.

(v) **Integrated human settlements challenges**

- Housing challenges:

TABLE 8: Estimated Housing Backlog for Nelson Mandela Bay

NMBM Figures		Census 2011 Figures	
Informal areas	23 411	Informal areas	30 202
Backyard shacks	49 000	Shacks/Rooms in backyards	6890
		Informal in backyards	8862
		Other	1488
Total backlog	72 411	Total backlog	47 442

Source: Stats SA, 2011

The NMBM figures are being verified by a study to determine the number of backyard shacks and residents in informal settlements. The study commenced in April 2014 and is expected to be completed by August 2015.

- Households living in stressed areas (servitudes, floodplains and overcrowded areas) remain a challenge and these are identified as priority areas to be relocated in terms of the Housing Plan.
 - Land and spatial planning challenges include the following:
 - A shortage of government-owned land in inner-city and serviced areas.
 - A lack of visible spatial restructuring.
 - The lack of fully integrated and sustainable human settlements for new township areas as well as existing poor areas.

The Human Settlements Strategic Framework adopted by Council in December 2012 recommends spatial restructuring through the following interventions:

- **Urban Renewal Precincts** including Inner City areas, Motherwell, Happy Valley, Lower Baakens Valley, Walmer Gqebera, Korsten, Helenvale and the Greater Ibhayi-Northern Areas Hub.
- **Spatial Transformation Precincts** such as Parsonslei, Coega IDZ/ Motherwell, Bay West and N2 Developments.
- **Implementation of an Integrated Zoning Scheme and Land Use Management System.**
- **Assembly of well-located public and private land for development of Integrated Human Settlements.**

(vi) Infrastructure challenges

The following challenges are experienced in relation to infrastructure:

- The backlog of tarring of gravel roads is approximately 341 km. The cost to eliminate this backlog is approximately R2,5 billion. This backlog has occurred largely due to the fact that the housing development programme funded by the government only includes sufficient funding for gravel roads.
- Stormwater drainage inadequacies are experienced in disadvantaged areas, especially in newly developed areas because of the funding for roads and stormwater construction being limited.
- Ageing infrastructure, especially electricity, water and sanitation infrastructure, results in leakages, pipe bursts, blockages and electricity disruptions which in turn cause service delivery disruptions.
- The completion of the Nooitgedacht Low Level Scheme remains the most significant project to ensure long-term water sustainability in the NMBM. This project supports both the provision of basic water, but also water for economic development. The backlog of funding to complete this project is estimated at R375 million. An amount of R75 million has

been placed on the Budget for 2015/16 financial year to initiate the completion process. Notwithstanding this, alternative funding sources are being pursued.

- An amount of R87 million has been budgeted towards the completion of the Fishwater Flats Wastewater Treatment Works. The Wastewater Treatment Works is critical for further growth and development in the Metro. The total funding needed exceeds R1 billion.
- Economic infrastructure for development such as the Coega Wastewater Treatment Works and the Coega Return Effluent Scheme, is needed to support the Coega IDZ. Further development of the IDZ will be hampered without funding for these projects.
- In October 2014, Council adopted a short-, medium- and long-term strategy to eradicate buckets. This involves a three-prong approach including the provision of new houses, slabs with bathrooms that contain toilets on serviced erven and temporary toilet blocks in informal areas that are to be relocated. An amount of R27 million has been budgeted in the 2015/16 financial year for the eradication of buckets from the capital budget with R45 million from the operating budget. A communal toilet block costs approximately R700 000 per set and a slab with bathroom costs approximately R50 000. The Municipality has approximately 2 000 serviced sites which are to be used for slab and bathroom construction in anticipation of top structures being funded at some stage in the future through the Human Settlements Development Grant.
- The Municipality is working on a long-term capital investment plan to support economic growth and socio-economic development.

As part of the Capacity Support Implementation Plan, the World Bank has been appointed to investigate technical and financial options in respect of Nooitgedacht water supply, Fishwater Flats Wastewater Treatment Works and bucket eradication. Once the study has been completed, it may influence the projects timing and budgets.

(vii) Building investment trends

Nelson Mandela Bay recorded steady and rapid growth from 2001 to 2004, followed by a decline in the 2004/2005 period. Although 2005 to 2007 reflected a recovery, 2008 saw a dramatic decline, indicating the impact of the global economic crisis. There was a recovery in the 2009/10 financial year, almost to the 2007 pre-economic meltdown figures, both in terms of the number and value of plans passed. This dipped slightly in the 2011/12 financial year which continued to dip in the 2012/13 financial year.

The building statistics for the 2013/14 period show an increase in the number and value of building plans. However, the increase in the number of building plans is directly attributable to an increase of 2 910, in the number of RDP house plans approved.

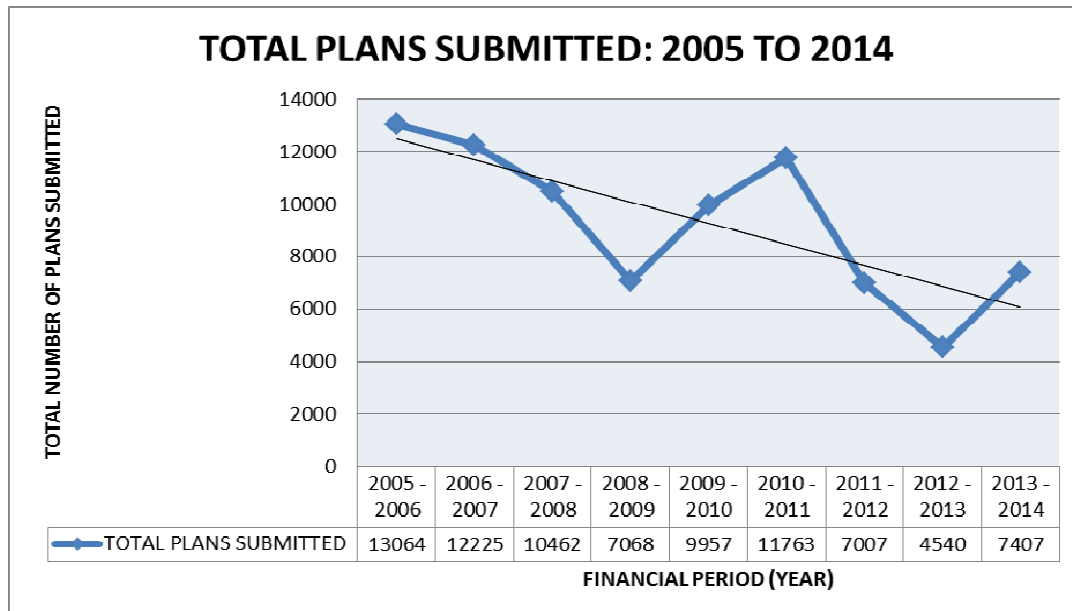
The number of building plans increased by 2 867 in the 2013/14 financial year. However, the number of RDP house plans increased by 3 122 over the prior year. In the 2012/13 financial year, only 815 RDP house plans were approved.

Therefore, it can be concluded that the number of commercial and private sector house building plans decreased by 255 plans. This is illustrated in the table below:

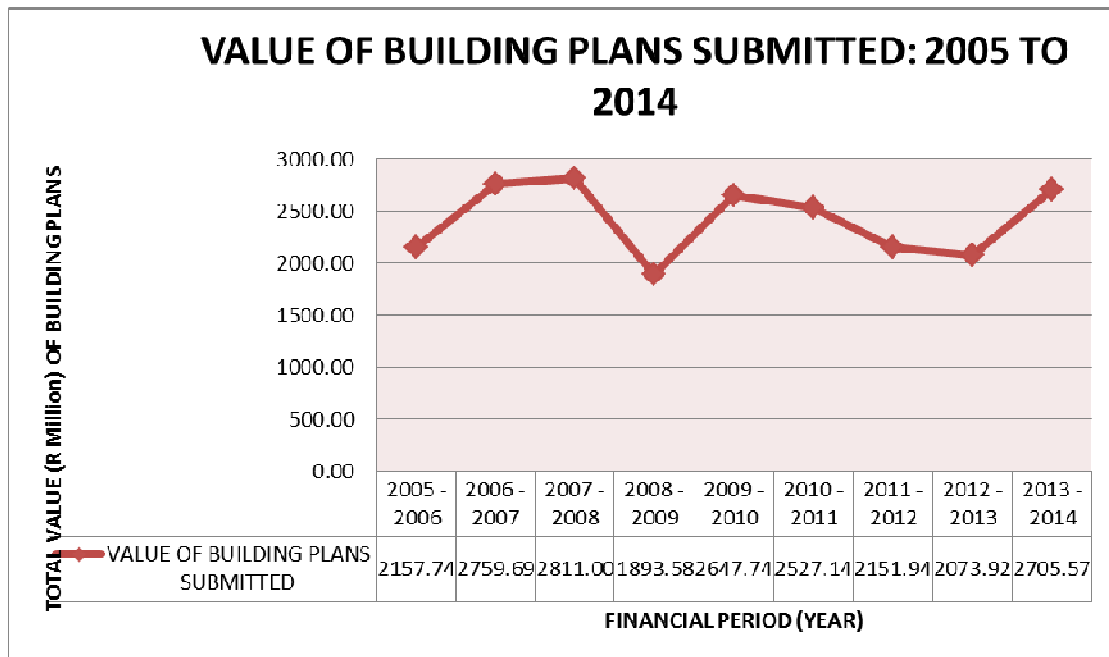
TABLE 9: Number of building plans submitted

Description	2012/13	%	2013/14	%	Year on year change in numbers	%
Total number of building plans	4540		7407		2867	
RDP	815	17,95%	3937	53,15%	3122	108,89%
Other	3725	82,05%	3470	46,85%	-255	-8,89%

The two graphs below show the number and value of building plans submitted over recent years, as reliable economic indicators.

FIGURE 6: Number of Building Plans Submitted (2005 to 2014)

Source: NMBM, 2014

FIGURE 7: Value of Building Plans Submitted (2005 to 2014)

Source: NMBM, 2014

An analysis of the building plan data indicates investment in retail centre refurbishment including Greenacres, Walmer Park, Kenako and Baywest. A number of high value building plans have also been approved in the Coega Industrial Development Zone.

2.2 TRENDS AND DEMAND FOR ECONOMIC INFRASTRUCTURE

2.2.1 Economic Background

STATS SA states that: “according to ECSECC (Eastern Cape Socio Economic Consultative Council), the GDP growth rate for the Nelson Mandela Bay Municipality was 2.1% in 2010 and the GDP per capita R52 147. The largest economic sectors in the Nelson Mandela Metro are manufacturing, finance, community services and transport. Community services, trade and manufacturing sectors are the sectors that create the most employment in the Metro”.

Good quality infrastructure is key to sustainable social, economic and industrial development. Poor infrastructure hampers development, growth and ability to trade in the domestic and global economy.

Economic infrastructure, which includes transport, energy, telecommunications, water and sanitation provides services which are of fundamental importance for development. In NMBM it is deficient and this is exacerbated by inadequate maintenance and thus prematurely deteriorating installations and services. Infrastructural services are often overlooked as a means to alleviate poverty and improve environmental conditions.

In order for Nelson Mandela Bay to grow and develop a sustainable economy, it is important to build new economic drivers to replace or augment the ones that have served the region in the past.

Two single sectors, “Manufacturing and Community”, and “Social and Personal Services”, make up more than half (58.1%) of the Metro’s GVA (Gross Value Added), with “Financial and Related Services”, (Transport and Trade) contributing a further 37%. The automotive sector accounts for more than 50% of the Metro’s manufacturing sector.

For background purposes, an overview of the Provincial and NMBM economy is attached as Annexure “B”. This is the latest information available.

Whilst the NMBM is undoubtedly an important node of activity within the economy of the Eastern Cape, it is characterised by several challenges in terms of economic development. These include:

- A high unemployment rate (36,6%), compounded by the low education levels of the labour force, including large numbers of illiterate adults with limited employment prospects.
- Ageing and inadequate investment in the maintenance and upgrading of infrastructure.
- The dependence on the automotive sector and insufficient diversification within the manufacturing and others sectors.
- A lack of up-to-date local economic statistics and monitoring and evaluation systems.

Growth in the automotive sector of the economy has historically provided employment and boosted exports, while masking long-term weaknesses and continuing social inequality. For NMBM, the automotive industry's infrastructure strengths include the Coega IDZ and NMB Logistical Park which are both growing in potential. There is substantial government and institutional support - the Automotive Production & Development Programme (APDP) supports incentives to replace Motor Industry Development Programme (MIDP). The Nelson Mandela Bay economy is heavily reliant on this industry and this industry, in turn, is heavily reliant on SA incentive support – MIDP/APDP. The fragile and ever fluctuating global economy poses a serious risk to the automotive sector.

Logistically, the distance from product and supply markets is not an advantage for the Metro. This is coupled with high logistics costs and inefficient transport. The automotive industry faces numerous threats to its competitiveness. These include that poor fuel quality restricts entry into the fuel efficient space and markets. Poor management of South Africa's energy supplies contributes negatively to industrial progression. In terms of the crisis of auto-mobility, there is a limit to the alternatives in South Africa. The rise of Asia (China, India, South Korea) as forces in both production and consumption proposes much competition for market share.

It has also been shown that NMBM, once the leader in the automotive industry in South Africa, now lags behind eThekweni and Tshwane which now take up the major share of the South African automotive industry.

Countering these weaknesses and inequalities will require the following:

- Serious diversification of the local economy. The NMBM must diversify its economy in order to reduce its dependency on the traditional sectors.
- Down-stream and cross-stream diversification within the manufacturing sector.
- Development of new growth industries.
- Diversification of markets for manufactured products and services.
- Investment in the intellectual capital, creativity and technical capabilities of the labour force through skills development.
- Innovation support through research and development.
- Public and private sector investment to accelerate the production of all economic sectors.
- An aggressive market development programme for regional production within the region itself, as well as within the country, in order to ensure the localised sustainability of productive activities (NMBM EDRS, 2009).
- A clear and shared economic development strategy for the NMBM.

As part of the Capacity Support Implementation Plan, the NMBM is receiving technical assistance to evaluate the Economic Development Strategy. This will consider the success of current initiatives and determine a way forward for the Municipality in respect economic development and the issues identified above.

There is a portfolio of sectors discussed in the Nelson Mandela Bay Industrial Development Strategy (2012) that focuses on industrial (or secondary) sectors as opposed to primary and tertiary sectors.

Local/Light Manufacturing:

The majority of job seekers are excluded from obtaining work purely due to the high cost and time of commuting to commute to work areas. Places of work ideally need to be within walking distance of where people are living. Significant impact can be achieved by revisiting the traditional concepts of urban order that tend to over-emphasize heavy industry and to re-link local production to local consumer markets through light industry that is more responsive to local needs and demand.

Tourism and Hospitality:

This is a consumption industry, rather than a productive industry. Tourism numbers are stagnant or falling, and the tourism-related manufacturing industry is undeveloped. However, there are production opportunities in the manufacture of handcrafts, mementoes, local fabrics, etc. There are also agricultural spin-offs in the supply of ingredients to restaurants and hotels.

Agro-Processing:

Cacadu, adjacent to NMBM, has a relatively strong agricultural sector. The biggest employers in the Coega IDZ are agro processing plants. This sector is a crucial priority for government. Agro-processing has linkages through into the Cacadu economy. Agro-processing has strong backward and forward linkages and value chains of processing and distribution. Strengths of this

sector in NMB include existing industries, natural resources and IDZs to support industry. This sector is constrained by trade policies, lack of skills, loss of productive land and zoning limitations as well as a lack of coordination between stakeholders.

Pharmaceutical:

There is a huge demand for low-cost drugs in the developing world and an ageing population in the developed world is a market for an expanding range of drugs. Nelson Mandela Bay is home to a number of world-class pharmaceutical companies and Nelson Mandela Metropolitan University has a pharmacy department. Rhodes Pharmaceutical department is another asset. Threats to this sector of industry are the lack of access to technology and intellectual property and the lack of will by “big pharma” to invest.

Sport and Leisure:

Sport and Leisure dovetails with Tourism and Hospitality and provides the opportunity to utilize the natural assets of the area. This industry promotes light industry (sport equipment, goods and clothing). It is a means for rapid positive exposure and revenue generation - local sports events have demonstrated the capacity to attract large numbers of people to NMBM.

Capital goods:

South Africa is on track to become a manufacturer of locomotives for the rest of Africa. This provides the Metro with its best opportunity for growing its presence in the capital goods sector in the short to medium term, and is therefore the focus of the strategy. A large percentage of the wagons should be made in Nelson Mandela Bay. Transnet Rail Engineering has a manufacturing facility in Uitenhage, which has been identified by Transnet as its main export manufacturing facility.

Renewable/Green Industries:

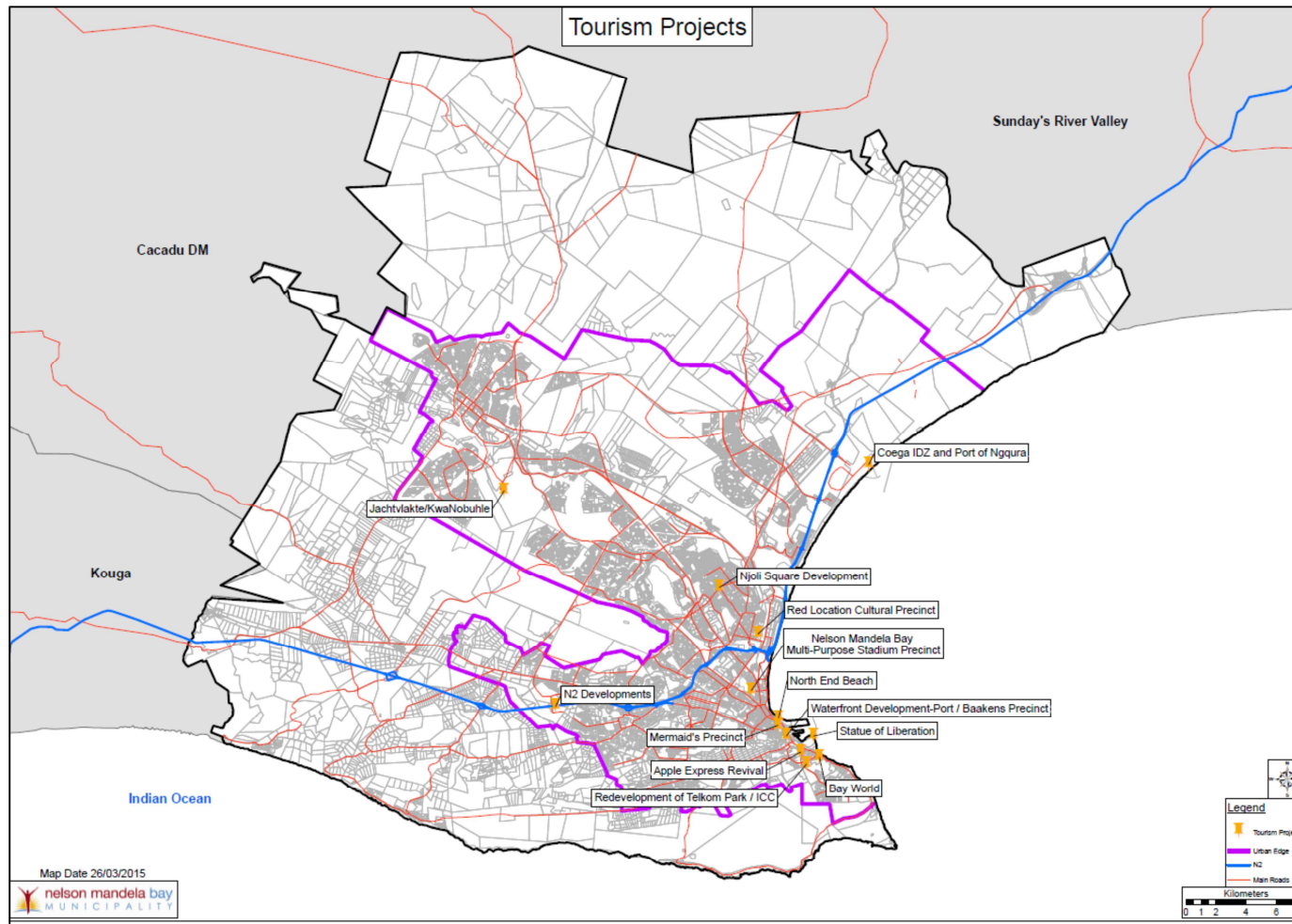
Green industries in this context fall within the broader category of energy, which includes electricity and the various types of fuel used in combustion processes. A Government development incentive is proposed “in order to increase local demand of alternative energy and DEDEAT on the other hand, must strive to influence policy towards developing certain underdeveloped areas in South Africa including the Eastern Cape to be used as manufacturing centres for renewable energy.” (Provincial Industrial Development Strategy, 2010).

Besides the above-mentioned opportunities, the Municipality has also introduced a number of strategic initiatives and identified a number of key large-scale projects, as reflected in the Spatial Development Framework, the LED Strategy and the IDP of the Municipality, with the objectives being:

- Serving as significant catalysts for economic growth;
- Stimulating economic development;
- Enabling the Metro to become nationally and internationally competitive;
- Creating jobs;
- Alleviating poverty;
- Attracting investors and/or tourists;
- Changing the face of the Metro.

2.2.2 Strategic Initiatives

The Municipality has identified a number of initiatives to enhance economic development of the city. These are spatially illustrated in the Figure below. The Municipality is currently evaluating and prioritising these initiatives.

FIGURE 8: Tourism/Economic Projects

Source: NMBM CorpGIS, 2015

2.2.2.1 Red Location Cultural Precinct

Located in the historic Red Location area of Ibhayi, the precinct has been developed and comprises of an Apartheid Museum, Art Gallery, Electronic Library and Backpackers' Lodge. The Apartheid Museum was completed in 2004. The Art Gallery and Electronic Library were completed in April 2011.

The business plan for the performing arts complex has been completed and the National Department of Arts and Culture has made R500 million available for this project. The last phase of the project will consist of a school of music.

The success of the Red Location Initiative is dependent on the Urban Renewal of the Greater Ibhayi Area as this would enable broader urban renewal beyond the localised impact of the Red Location and Njoli Square Precincts upgrades. This is identified as one of the Catalytic Projects of the NMBM.

2.2.2.2 Njoli Square Development

This project entails the development of a major community taxi/commercial centre where the Njoli Square presently exists. The project is nearing implementation stage.

The development is anticipated to have a positive economic impact on Nelson Mandela Bay, with initial projections indicating that the project will, directly and indirectly, contribute R189 million to the Eastern Cape GDP during the construction period. During the first five years of operation, the Project is anticipated to contribute around R107 million to the Eastern Cape GDP. As many as 2000 jobs can be created during construction, with approximately 200 permanent jobs being created.

The success of the Njoli Square Upgrading Initiative is closely linked to the upgrading of the Greater Ibhayi area. Njoli is linked to Ibhayi and Bethelsdorp Hubs in the Urban Network Strategy.

Njoli Square upgrading is funded by the NDPG and is located in the Urban Network Strategy as a Catalytic Project.

2.2.2.3 Mermaid's Precinct

The project known as the Mermaid's Precinct is located in the heart of the CBD between Russell Road and the Donkin Row houses. It is a proposed mixed use area comprised of social housing, residential development and urban recreational node and complimentary mixed uses.

The area is currently derelict and vandalized with undeveloped municipal and privately owned erven. A master plan has been completed.

It is envisaged that the Municipality in conjunction with the MBDA, the private sector and a social housing institution will develop the area. Presently, funding is a constraint in taking the project forward.

The development of the Mermaids Precinct is identified as one of the Catalytic Projects and has been through a preliminary viability assessment by the DBSA Project Preparation Facility. This has concluded that the project is viable.

2.2.2.4 North End Coastal Development

The North End Coastal Development project will reinstate the existing degraded coastal environment north of the Port Elizabeth Harbour over a 30-year period, creating an attractive urban gateway entrance to Nelson Mandela

Bay. The project is intended to stimulate tourism and the economic development of the region.

The project seeks to restore beach sand to the severely eroded northern coast area through the redirection of dredged sand from the harbor mouth.

The first phase of the project aims to create a 500m long beachfront, with a direct link to the adjacent Nelson Mandela Bay Stadium, New Brighton and neighbouring communities. The project can be implemented only in partnership with Transnet and the National Ports Authority and is still at concept stage.

2.2.2.5 Waterfront Development-Port / Baakens Precinct:

There has been recent focus on plans to develop the Waterfront at King's Beach area. Transnet have agreed to move the oil tanks in 2016 and the manganese ore facility to the Coega IDZ in 2019. In the port planning for the port post-relocation, Transnet has agreed that a portion of land will be set aside for a marina/commercial development and this portion will not fall under the strict port security controls.

A Steering Committee comprising of Transnet, the MBDA, NMBM and the ECDC is currently working to ensure there is a well formulated Master Plan to determine the extent and depth of retail, residential, office, leisure/entertainment/tourism development as well as a Master Plan that can be implemented over time. The Port / Baakens precinct between the port and the Bridge Street Brewery as part of the broader Waterfront Development plan is envisaged to become a new tourism/leisure/entertainment precinct and it will be a further catalyst for the re-development of the area over time for non-industrial purposes.

The development of the Baakens Valley Precinct is identified as one of the Catalytic Projects and has been through a preliminary viability assessment by

the DBSA Project Preparation Facility which has concluded that the project is viable.

2.2.2.6 Redevelopment of Telkom Park as part of the Happy Valley Precinct

After building 2010 Soccer Stadium in North End, a decision to demolish Telkom Park for other developments was taken by the NMBM Council. This has presented an opportunity for the possible development of an International Convention Centre.

A Master Plan to determine the extent and depth of retail, residential, office and tourism, leisure/entertainment/tourism development as well as a Master Plan that will be rolled out as part of the project development is required. The Master Plan will include research in respect of uses. The market research will then determine the development layout, i.e. what goes where, transport routes, public areas, parking etc.

The Happy Valley Precinct is identified as one of the Catalytic Projects of the NMBM.

2.2.2.7 Bayworld Revival:

Bayworld was one of the key tourism attractions in the region, however, the facility has had funding challenges especially after the closing of the oceanarium.

Due to the importance of this facility, a special intervention needs to be made in order to ensure the revival of this facility and the plans once again include an aquarium, sea water features, dolphinarium and other tourist facilities.

Bayworld is presently owned by the Department of Sports, Recreation, Arts and Culture (DSRAC) and a proposal that the operations and management of

the facility be handed over to the Nelson Mandela Bay Municipality was made to the Department of Sports, Recreation, Arts and Culture (DSRAC).

It is intended that the Nelson Mandela Bay Municipality will enter into an agreement with the Department of Sports, Recreation, Arts and Culture and later hand over the facility to MBDA for project management purposes. The MBDA will therefore be responsible for the final design, sourcing the funding, which will be around R600 million, overseeing construction and the appointment of an operator as per case of the Nelson Mandela Bay Stadium. A Provincial Cabinet Memorandum has been prepared and submitted to the Department's HOD, the Director-General of DSRAC for approval. There are on-going discussions with the Department to fast track the hand-over process.

2.2.2.8 Apple Express Rail Link

The closure of the Apple Express has negatively impacted the local tourism industry.

In a process of reviving the Apple Express, it became important that a study be done to ascertain the development potential of the Apple Express line between Port Elizabeth and Avontuur in the Western Cape, or a portion of the development of this line for the purposes of real estate, freight, passenger and tourism. The study concluded that this line was not suitable for pure tourism purposes as this will not be sustainable.

Through the intervention of the MEC for Department of Economic Affairs, Environment and Tourism (DEAET), an amount of R3,8 million was made available for a feasibility study around the Apple Express. The Apple Express study will commence shortly.

The study's objective is to make a compelling argument to Transnet to make the line available on a lease basis to a development agent.

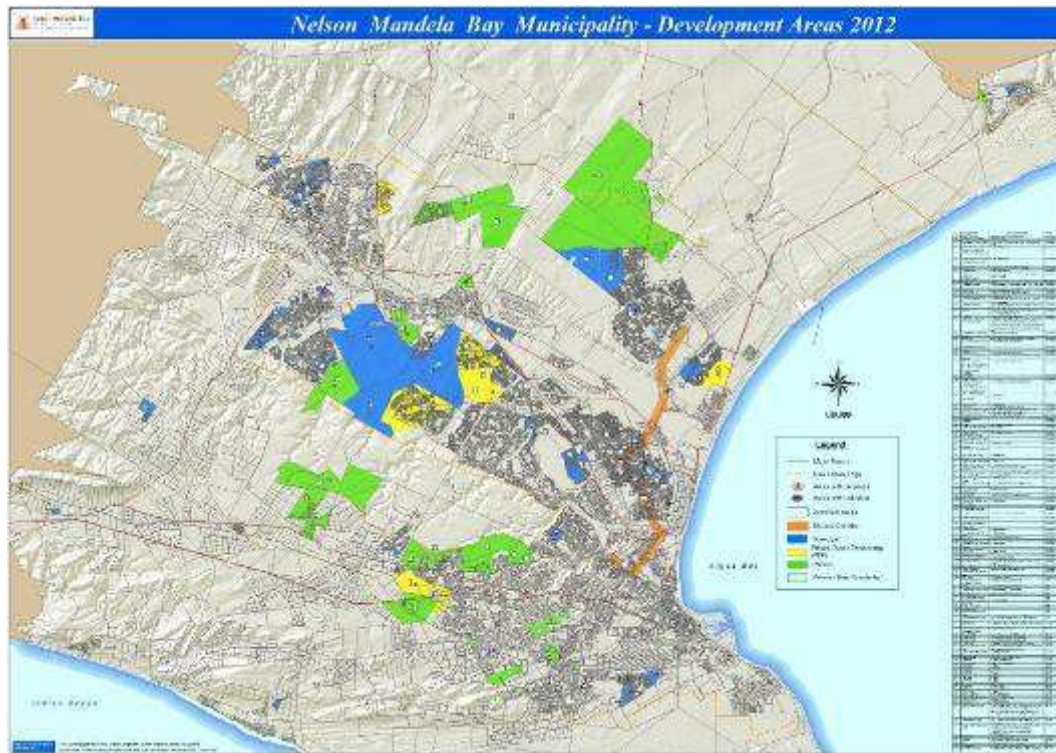
2.2.2.9 Statue of Liberation

This project is seen to help grow the tourism products in Nelson Mandela Bay and serve as an iconic attraction that will be compel visitors to come to Nelson Mandela Bay. This will also provide an identity for the Nelson Mandela Bay region. Critical to the way forward and the implementation of the project is the identification of a suitable site.

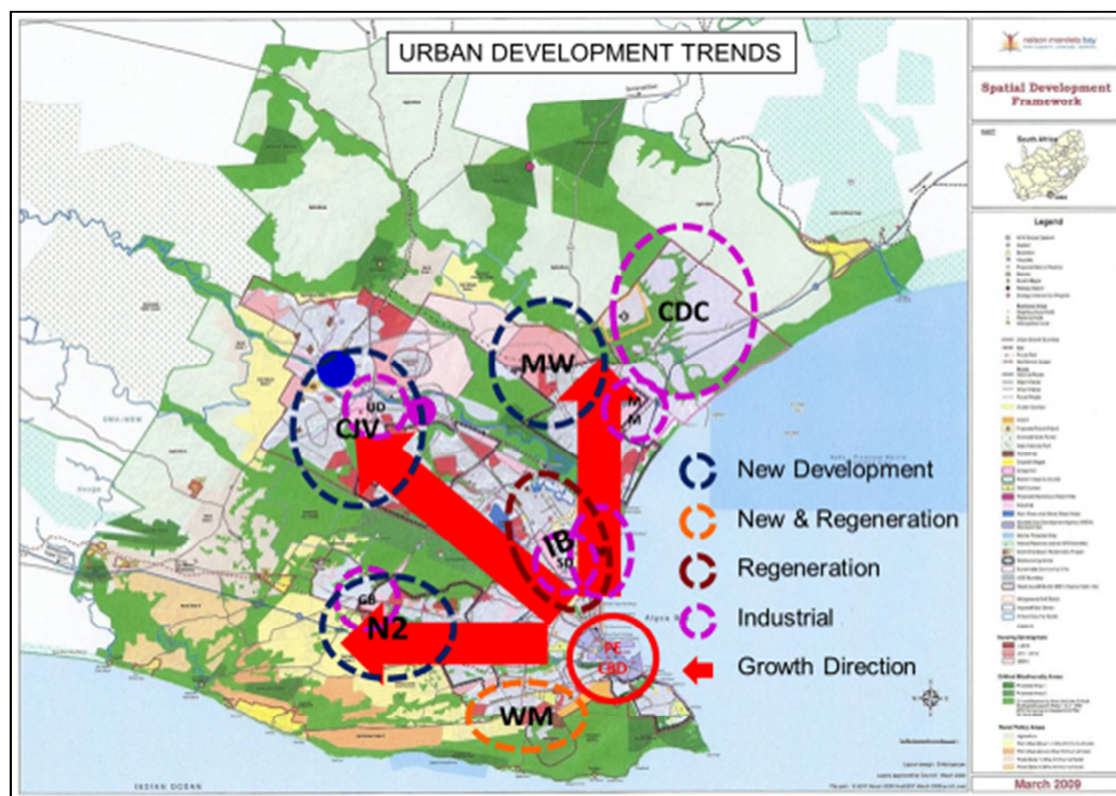
2.2.2.10 Private sector developments

A number of private sector developments are taking place in the city, in tandem with municipal developments. These include the N2 node, incorporating the Bay West Mall Shopping Complex, and Jachtlakte/KwaNobuhle. The municipal capital investment in these projects is reflected in the Budget.

The following maps highlight the major development areas and urban growth directions in the Metro. They show areas of new development, largely residential and mixed-use development, the major industrial development areas, as well as areas in which urban renewal and infill development (regeneration development) is taking place. Growth directions are mainly western, north-western and northerly directions.

FIGURE 9: Major Development Areas in Nelson Mandela Bay

Source: NMBM, 2012

FIGURE 10: Urban Development Trends in Nelson Mandela Bay

Source: NMBM, 2014

N2 Node

Urban development in the N2 Node is driven by the private sector and comprises largely mixed-use and residential developments aimed, at the high, middle and affordable market segments. The anchor in this development node is the just completed Bay West Shopping Mall at a cost of R2 billion.

The greater N2 node is identified as a Catalytic Project of NMBM and the full development of the greater node will be actively pursued.

Project Mthombo

Project Mthombo oil refinery is planned to be located in the Coega Industrial Development Zone. The pre-feasibility study was undertaken by PETROSA, identifying Nelson Mandela Bay as the preferred site for the oil refinery. PETROSA is awaiting the DME's approval of the front-end engineering design (FEED). The project is expected to create 1000 direct jobs at an operational level, 23 000 jobs during construction, and 17 000 indirect jobs. The Municipality is engaged with processes to determine whether the project will be located in Nelson Mandela Bay or not.

Chatty Jachtlakte Node

The development in the Chatty Jachtlakte Node involves mixed-use and residential development by the private sector and the Municipality, with an estimated yield of 32000 new residential opportunities in the middle, affordable (rental and ownership) and subsidised housing segments.

The Chatty Jachtlakte hub is identified as a Catalytic Project.

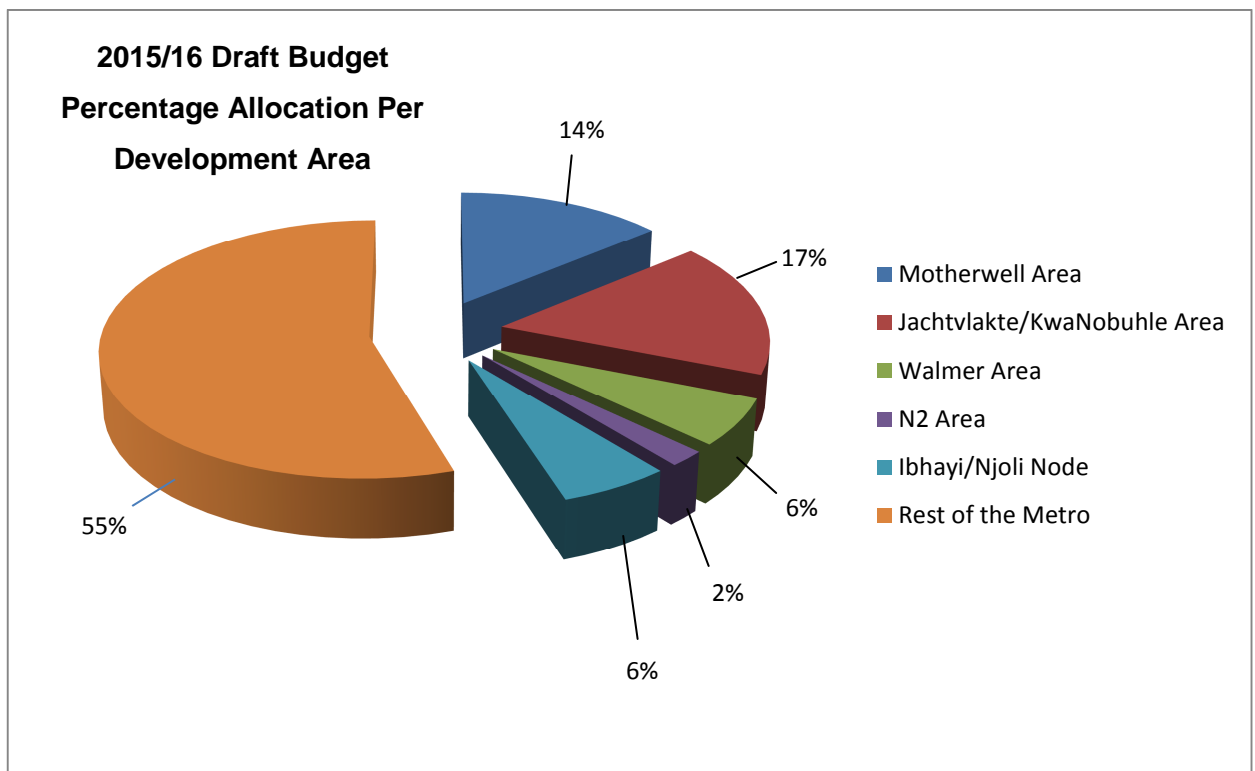
Motherwell Node

Development in the Motherwell area will comprise municipal and private sector developments, of which the municipal component will largely entail mixed residential development opportunities in the lower income segments. The private sector component will focus on mixed land use and residential development in the low, middle and higher end housing segments.

The Motherwell Urban Hub Precinct is identified as a Catalytic Project.

The aforementioned development trends are captured in the NMBM IDP and Budgets and are further illustrated by the distribution of funding priorities in terms of the 2015/2016 Draft Capital Budget, as reflected in the figures below.

FIGURE 11: Area Priorities as a Percentage of Draft Budget (2015/16)

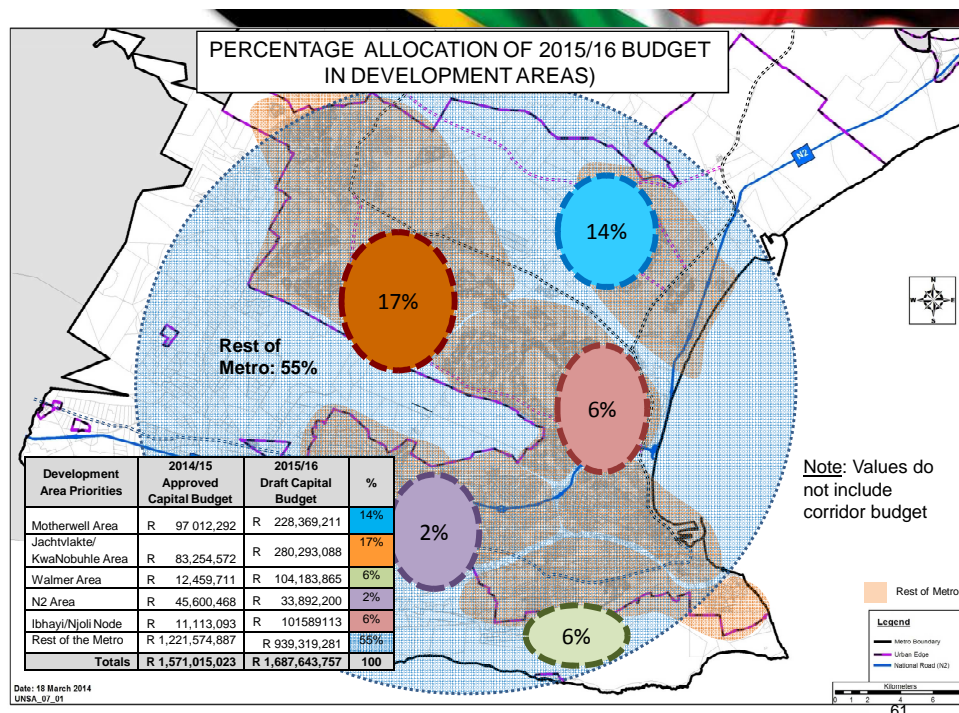


Source: NMBM Budget & Treasury, 2015

TABLE 10: Area Priorities in Nelson Mandela Bay (2015/16)

Area priorities	2014/15 Approved Capital Budget	2015/16 Draft Capital Budget	%
Motherwell Area	R 97 012,292	R 228,369,211	14%
Jachtlvakte/KwaNobuhle Area	R 83,254,572	R 280,293,088	17%
Walmer Area	R 12,459,711	R 104,183,865	6%
N2 Area	R 45,600,468	R 33,892,200	2%
Ibhayi/Njoli Node	R 11,113,093	R 101589113	6%
Rest of the Metro	R 1,221,574,887	R 939,319,281	55%
Totals	R 1,571,015,023	R 1,687,643,757	100%

Source: NMBM Budget & Treasury, 2015

FIGURE 12: Percentage Allocation of 2015/16 Draft Budget in Relation to Priority Development Areas

Source: NMBM, 2015

2.3 TRENDS AND DEMAND FOR BASIC INFRASTRUCTURE

The provision of infrastructure to deal with basic services is not dealt with separately, but forms part of the integrated planning for water and sanitation services that serve the Metro as a whole. As the development of infrastructure for human settlements has been the biggest driver for infrastructure expansion, the financial impact is related to the projects captured on the annual budgets.

The capacity of water and sanitation infrastructure to serve the NMBM is guided by the Metropolitan Spatial Development Framework (MSDF). The planning for the current and future capacity required, is dealt with in the approved Water and Sanitation Master Plans.

The abovementioned Water Master Plan was approved by Council in 2006 (NMBM Infrastructure & Engineering Directorate, 2006) and is currently being reviewed. However, the recommended expansions to the infrastructure remain relevant, as set out below. The Sanitation Master Plan (NMBM: Infrastructure & Engineering Directorate, 2012) was approved by Council in 2012.

2.3.1 Water Master Plan (WMP)

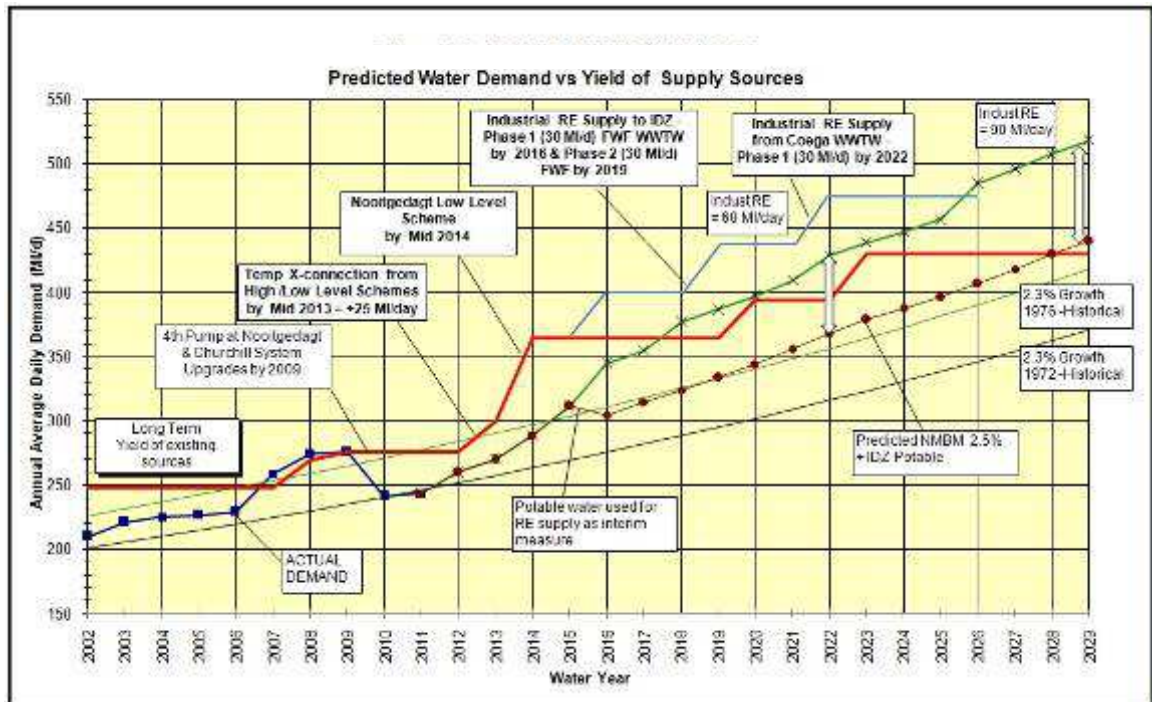
Sufficient internal bulk infrastructure exists to convey water to all developments within the metropolitan boundaries. Link water mains are installed as part of developments, when required. A constraint that does exist, is the completion of the Nooitgedacht Low Level Scheme, which provides water for all new developments, as well as the Coega Industrial Development Zone. In terms of the WMP (NMBM Infrastructure & Engineering Directorate, 2006), the Scheme was scheduled to be completed in 2013. Drought disaster funding (R450 million) and NMBM funds were used to construct 45 km of pipes, break pressure tanks and secondary pump stations. The remaining

work (water treatment works, primary pump station and reservoir) will be completed over the next four years if Metro funds are used. An amount of R375 million is needed for the work and R75 million for the first phase of the completion is included in the 2015/16 Draft Budget. In the interim, alternative funding is being pursued which, if received, could reduce the four year implementation period.

The figure below is an extract of the anticipated water requirements up to 2030 and approved in the Algoa Water Reconciliation Study (Department of Water Affairs, 2012).

The anticipated historic growth for Nelson Mandela Bay has been 2.3%; however, developments such as the Housing Programme and the Coega Industrial Development Zone would increase the medium-term growth pattern. As these developments are linked to the availability of funding and investor interest, it is difficult to predict this growth, but the Nooitgedacht Low Level Scheme has been confirmed as an immediately needed water source.

From a spatial perspective, the land set aside for housing development in terms of the Housing Programme, and for large developments, such as the Coega Industrial Development Zone, shows that the biggest need for water is in the north/northwest of the metropolitan area, which confirms the need for the augmentation of the water supply from Nooitgedacht.

FIGURE 13: Predicted Water Demand of Nelson Mandela Bay

Sources: Department of Water Affairs, 2012; NMBM Infrastructure & Engineering Directorate (Water & Sanitation) 2011

2.3.2 Sanitation Master Plan (SMP)

Sufficient internal bulk infrastructure exists to connect all developments within the Municipality to sewers. Link sewers are installed, as and when required. Sufficient hydraulic capacity exists to meet the requirements of the current developments. All waste water treatment works are being upgraded to meet future development and capacity demands, including effluent compliance. In this area the upgrade of the Fishwater Flats WWTW is the most significant one that will be carried out at an estimated cost of R1 billion.

Coupled to this is the need to eradicate the remaining 20 900 buckets that are still being used in the NMBM. The permanent solution is covered by the Master Plan, however, the interim measures are covered in the implementation strategy as set out below was approved by the Council on 3 October 2014:

- Short Term: Prong 1 [interim solution]: 7-10 years waiting period
- Medium Term: Prong 2 [House foundation & flush toilet]: 3-6 years waiting period
- Long Term: Prong 3 - expedite Integrated Human Settlement provision: 1-2 years waiting period

Note: Timeframes based on Human Settlements Programme.

Short Term Approach:

Providing communal ablution facilities in informal settlements until the communities are relocated to permanent serviced sites.

Medium Term Approach:

The NMBM is servicing ± 4000 sites per year, but limited housing subsidies from the HSDG to build houses and thereby efficiently eradicate buckets. This option recommends the building of a house foundation on a serviced site, fitted with a bathroom containing a waterborne flush toilet connected to the conventional sewer system. In order to avoid the excessive cost, the toilet will be located at the final position in the anticipated top structure.

Long Term Approach:

Bucket eradication through the establishment of human settlements with:

- House
- Metered water connections
- Waterborne sewer connections.
- Other public amenities.

The speed of eradication is entirely dependent on the allocations of subsidies to the NMBM.

2.3.3 Asset condition

This data is an extract from a study (Infrastructure Maintenance Backlog Assessment) that was conducted in 2011.

TABLE 11: Water Backlog Maintenance

<i>Water Backlog</i>	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value	Repairs as % of Replacement Value
Dams	R2,408,320.00	R768,141,482.00*	0.31%
Reservoirs	R21,519,671.43	R1,206,530,799.00*	1.78%
Water Treatment Works	R57,295,705.00	R656,586,425.00*	8.73%
Bulk Water Supply Lines	R12,949,500.00	R5,066,790,845.00*	0.26%
Pump Stations	R23,372,730.00	R127,379,002.00*	18.35%
Internal Reticulation	R530,370,326.24	R1,391,328,057.76	38.12%
Grand Total	R647,916,252.67	R9,216,756,610.76	

Source: NMBM Infrastructure & Engineering Directorate, 2011

TABLE 12: Medium-term Replacement/Refurbishment Plan

<i>Water Backlog</i>	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost
Dams	R853,500.00	R264,800.00	R1,229,520.00	R0.00	R0.00	R60,500.00	R2,408,320.00
Reservoirs	R16,793,467.16	R295,000.00	R4,431,204.27	R0.00	R0.00	R0.00	R21,519,671.43
Water Treatment Works	R22,119,655.00	R7,301,250.00	R18,516,800.00	R359,500.00	R567,500.00	R8,431,000.00	R57,295,705.00
Bulk Water Supply Lines	R1,035,000.00	R1,982,500.00	R9,722,000.00	R210,000.00	R0.00	R0.00	R12,949,500.00
Pump Stations	R2,646,900.00	R477,000.00	R19,784,330.00	R120,000.00	R0.00	R344,500.00	R23,372,730.00
Internal Reticulation	R4,524,276.65	R4,040,984.18	R521,805,065.41	R0.00	R0.00	R0.00	R530,370,326.24
Grand Total	R47,972,798.81	R14,361,534.18	R575,488,919.68	R689,500.00	R567,500.00	R8,836,000.00	R647,916,252.67

Source: NMBM Infrastructure & Engineering Directorate, 2011

From the above table, it can be seen that the total maintenance backlog for water infrastructure for the next five years amounts to R647 916 252.

TABLE 13: Sewer Replacement Cost and Maintenance/Rehabilitation Plan

<i>Sewer Backlog</i>	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value
Pump Stations	R15,527,520.00	R1,111,000.00	R12,179,100.00	R81,000.00	R0.00	R826,700.00	R29,725,320.00	R120,724,600.00
Sewer Reticulation	R160,180,756.75	R167,349,637.23	R60,938,492.18	R211,084.03	R0.00	R422,168.05	R389,102,138.24	R2,110,840,274.14
Waste Water Treatment Works	R34,021,564.80	R5,046,233.80	R102,497,695.50	R687,320.00	R12,000.00	R487,290.00	R142,752,104.10	R1,979,608,789.00
Grand Total	R209,729,841.55	R173,506,871.03	R175,615,287.68	R979,404.03	R12,000.00	R1,736,158.05	R561,579,562.34	R4,211,173,663.14

Source: NMBM: Infrastructure & Engineering Directorate, 2011

The above information was used to update, and forms the basis of, the Engineering Design and Management Systems software data management system. This same management system is used to provide the GRAP 17 compliance data on asset management.

The abovementioned figures indicate the serious financial implications of the lack of maintenance of water and sanitation infrastructure. The situation is deteriorating progressively each year, due to the inability of the Municipality to fund basic repairs and maintenance. To relieve the situation, the largest capital requirement is required in less than two years, for which there is insufficient budget.

2.3.4 Roads/Stormwater/Transport

The Comprehensive Integrated Transport Plan (CITP) as approved by the NMBM Council and Province, sets out the roads network requirements based on the MSDF. The CITP includes the Public Transport Plan, which is dealt with later in this report.

Road infrastructure, which includes stormwater, is critical for the support of economic activities in Nelson Mandela Bay and has the capacity to support the current major public transport network routes. However, the Housing Subsidy (HSDG) does not allow for the tarring of internal and access roads.

This results in increasing backlogs. The latter is of particular importance, as this also impacts on public transport.

Projects that have been identified for implementation are summarised in the table below. The table excludes backlog costs that were not budgeted for, due to affordability levels, and therefore does not indicate the actual funding requirements to eliminate infrastructure and maintenance backlogs over the five-year period.

TABLE 14: CITP Projects

NO.	PROJECT DESCRIPTION	TOTAL PROJECT COST – five years (Rand)
1	Metropolitan Transport Planning	51,000,000
2	Roads required for additional capacity (short-term projects)	420,000,000
3	Roads required for access and connectivity (short-term projects)	450,000,000
4	Roads requiring rehabilitation (short-term projects)	310,000,000
5	Road maintenance projects	78,000,000
6	Bridge maintenance projects	310,000,000
7	Public transport projects	4,225,000,000
8	Non-motorised transport projects	190,000,000
9	Freight transport projects	3,700,000
10	Traffic and signage improvements (short-term projects)	40,000,000
11	Stormwater maintenance projects	210,000,000
GRAND TOTAL		6,287,700,000

The following table is an illustration of the roads, transport and stormwater backlogs and the maintenance budget required to address these backlogs:

TABLE 15: Maintenance Backlogs

		Total Operational Maintenance Backlogs	Annual Requirement to Eliminate Backlog	Operating Budget 2014/15	Operating Budget 2015/16	Operating Budget 2016/17	Operating Budget 2017/18	Operating Budget 2018/19
	Roads &Stormwater			91,212,870	96,670,100	103,437,007	110,677,597	118,425,029
1	Subsidised Roads	18,200,000	12,000,000	6,458,360	6,830,240	7,308,357	7,819,942	8,367,338
2	Non-subsidised Roads	80,000,000	73,000,000	47,222,460	50,055,840	53,559,749	57,308,931	61,320,556
3	Rehabilitation of Stormwater Facilities	55,000,000	51,000,000	37,532,050	39,784,020	42,568,880	45,548,702	48,737,111
4	Road Signs & Markings	25,000,000	7,700,000					
5	Bridges	381,000,000						
6	Resurfacing of Roads	243,000,000						

The implementation of the abovementioned projects will depend on the availability of funds and is supported by the asset information from the Road Management System, the Stormwater Asset System and the Bridge Management System.

2.3.5 Electricity infrastructure

The NMBM has been reliant on electricity revenue to off-set the rates account and fund a portion of the institution's administration. Declining sales, increasing purchases, losses and theft are creating a much reduced gross profit margin.

The following table shows the decline in profit made from the sale of electricity since 2006:

TABLE 16: Declining electricity sales profit

<u>Financial</u> <u>Yr</u>	<u>Sales</u> <u>R</u>	<u>Bulk Purchases</u> <u>R</u>	<u>Gross Profit</u> <u>R</u>	<u>% Gross</u> <u>Profit</u>
2006/2007	-1 119 758 699.36	611 923 001.77	-507 835 697.59	45%
2007/2008	-1 196 274 998.66	663 170 083.73	-533 104 914.93	45%
2008/2009	-1 502 322 088.00	901 060 864.00	-601 261 224.00	40%
2009/2010	-1 807 750 905.00	1 184 203 683.00	-623 547 222.00	34%
2010/2011	-2 185 993 075.00	1 511 442 011.00	-674 551 064.00	31%
2011/2012	-2 711 116 309.00	1 915 652 397.00	-795 463 912.00	29%
2012/2013	-2 819 881 230.00	2 109 854 326.00	-710 026 904.00	25%
2013/2014	-2 963 172 710.00	2 168 503 520.00	-794 669 190.00	27%
2014/2015	-3 182 151 220.00	2 294 034 910.00	-888 116 310.00	28%

A replacement of electricity in cross subsidisation could be the Council's fibre optics and wireless networks. This is still in the stage of development, however, a pilot project for a commercial model for wireless broadband communication is currently under way in the Walmer Township. Initial results indicate that in excess of R75 million revenue per annum may be achievable.

A key feature of the 2015/16 budget was the need to conduct negotiations with the high energy users regarding tariff challenges for this group that would allow adequate income for the Municipality as well as a basis for the businesses to continue operating within the City.

The NMBM is a proven frontrunner in creating an enabling environment and attracting investment in the green economy sector. Currently two wind farms with the capacity to produce approx. 89 megawatts exist in the Metro. The Municipality played a large role in the success of these ventures and

continues to support other public and private initiatives. The Municipality is committed to exploring alternative energy solutions to off set the impact of load shedding and the electricity crisis in South Africa.

2.4 TRENDS AND DEMAND FOR RESIDENTIAL INFRASTRUCTURE

The NMBM has successfully provided a steady stream of RDP housing. The Strategic Development Review Process has identified that the current provision of RDP housing is unsustainable and that there is a need to diversify housing development initiatives.

In terms of the Capacity Support Implementation Plan, a land and housing market trend analysis will be done with a view to develop proposals to revise the NMBM housing policy in a manner that is more sustainable and meets spatial restructuring objectives.

The NMBM Council on 6 December 2012 adopted the Human Settlements Framework 2030 that sets out the strategic vision for the implementation of the new approach towards achieving Integrated Human Settlements aimed at the following objectives:

- Upgrade Informal Settlements and formalise backyard dwellings.
- Ensure all households have access to basic services.
- Plan for transformation, inclusion and resilience (to overcome spatial inequality).
- Increase residential densities and develop rental housing at scale.
- Renew priority urban zones (i.e. townships and inner-city).
- Improve organisational alignment and fitness.
- Support residential property functionality and transformation.

2.4.1 Land and housing analysis and project demand for housing by income group, location and cost

In order to create a better understanding of residential demand and supply, a joint exercise between the NMBM, the Housing Development Agency (HDA) and the MBDA was undertaken in 2012, conducted by Shisaka Development Management Services in collaboration with Bagale Consulting (Pty) Ltd.

The following table shows the socio-economic distribution of local households from 2007 to 2020:

TABLE 17: Existing and Projected Housing Circumstances (2007 to 2020)

Existing & Projected Housing Circumstance 2007 - 2020 (No of H/Hs)								
Housing Circumstance	R0 - R3,499	R3,500 - R6,999	R7,000 - R9,999	R10,000 - R14,999	R15,000 - R19,999	R20,000 - +	Total	%
Formally Owned	73,397	23,759	12,633	17,452	8,679	29,563	165,483	52%
Formally Rented	35,591	9,918	4,903	5,993	3,272	5,675	65,352	20%
Informal Settlement	31,239	4,710	1,120	407	308	216	38,000	12%
Backyard Dwelling	33,765	7,396	3,460	2,975	967	443	49,006	15%
Other	1,987	220	185	123	162	117	2,794	1%
Total (Existing Housing Circumstances -2007)	175,979	46,003	22,301	26,950	13,388	36,014	320,635	100%
New Households - 2020	14,300	3,900	1,820	2,080	1,040	2,860	26,000	8%
Grand Total Households	190,279	49,903	24,121	29,030	14,428	38,874	346,635	108%
%	56%	14%	7%	8%	4%	11%		

Source: Shisaka Development Management Services, 2012

The data in the table above is based on data modelled by the Department of Economics at the University of Stellenbosch, utilising the Community Survey of 2007. This data was revised in accordance with a study undertaken in 2006 by Charles Simkins for the NMBM and verified through primary research undertaken by the firm Development Partners (Demographic Update for the NMBM – 2007). The estimate of new households was agreed in discussion with officials of the NMBM.

Of note is that 70% of the existing and projected population will depend on some form of subsidised housing in the future.

The following table indicates the proposed housing programmes to address the needs. Nine potential delivery solutions have been identified in accordance with National Government programmes. Of significance is the land need identified. The table shows that in general there is not a great demand for bulk land acquisition, beyond what is currently owned by the NMBM.

TABLE 18: Summary of Land Requirements by Housing Programme

Programme	Current location	Res 1H/G	Res 1S	Res 2/3	Res 3F	Total land unit required (ha)
Programme 1: <i>In Situ</i> Upgrade of Informal Settlements	22,040		15,960			38,000
Programme 2: Backyard Dwelling Consolidation	44,100		4,900			49,006
Programme 3: New Supported Site & Service			14,300			14,300
Programme 4: Housing Supply (rental & subdivisions)	5,300					5,300
Programme 5: Inner City Rental				900	2,500	3,400
Programme 8: Housing Developer Driven Support programme		3,000				3,000
Total requirements (units)	71,440	3,000	35,160	900	2,500	41 560
Projected Land capacity (units) (Type A)	-	26,096	50,597	5,909	11,526	94,128
Excess capacity (units)	-	23,096	15,437	5,009	9,026	52,568

Source: Shisaka Development Management Services, 2012

The map attached as Annexure “C” shows private sector, municipal and public private partnership proposals for the development of different types of housing in Nelson Mandela Bay. This includes the affordable housing sector.

2.4.2 Management and upgrading of informal settlements

The Municipality has a dedicated programme for the elimination of informal settlements, as contained in the Informal Settlements Upgrading Plan (NMBM: Human Settlement Directorate, 2008). The Plan was developed in 2008 and included 81 informal settlements, of which 51 remain. These 51 informal settlements are contained in a matrix of *in situ* upgrading/destination areas, programmed over time, prioritized and implemented according to the availability of funding.

In terms of municipal policy, the relocation of informal settlements happens as a last resort. Where an informal settlement can be formalized *in situ*, this is done. Of the 105 originally identified informal settlements, 30 *in situ* upgradings of informal settlements were completed. In some instances, due to density, not everyone in an informal settlement can be accommodated *in situ*. In these cases, the remaining residents are relocated to locations situated as close-by as possible. Informal settlements in stressed areas, such as under powerlines, on tipsites, in floodplains or other such areas, are relocated to new areas. To accommodate these communities, 9 greenfield sites have been prepared and serviced. In order to accommodate the total need for new development, 16 greenfield sites were programmed for completion in terms of the approved Human Settlements Plan.

The Informal Settlements Upgrading Plan makes provision for the following:

- Elimination of the housing delivery backlog of 72 411 units (49 000 backyard shacks and 23 411 informal settlements) through the provision of quality housing and the structured upgrading of informal settlements.

- Upgrading of informal settlements and backyard dwellings, preferably in-situ, and well located Greenfield developments. Of the 56 *in situ* informal settlements, 30 still need to be upgraded; and of the 16 Greenfield developments, 6 still need to be upgraded.
- Providing housing opportunities for an estimated 35 000 beneficiaries that are not being catered for in the current housing projects that are focused on beneficiaries earning R3 500 and below per month.
- Relocation of 3 000 communities living in stressed areas (such as flood-plain areas, tip-sites and power line areas) in terms of the Relocation Plan, which is an integral part of the Informal Settlements Upgrading Plan. The identification of well located land in priority areas and integration zones will be key.

The Informal Settlements Upgrading Plan is part of the NMBM Human Settlements Plan. The main focus of the Plan is the full technical and social investigation of all the informal settlements within the Metro, as well as the categorisation of each settlement in term of needs and vulnerability.

The prioritisation of projects is based on technical readiness, including town planning layout approvals, general plan layout approvals, environmental approvals, completed geotechnical investigations, and the availability of bulk infrastructure. Greenfield projects are also prioritised as destination projects for relocation purposes.

As part of the ongoing development of this plan the NMBM have recently engaged with the National Department of Human Settlements in terms of the National Upgrading Support Programme (NUSP) in order to assess the processes and strategies linked to the social and technical development of informal settlements throughout the Metro. It is planned to ensure best practice and alignment with other Metro's throughout the country.

2.4.3 Management and prevention of illegal occupation of land and buildings

In order to try and curb the growth of informal settlements and prevent new informal settlements, various strategies have been introduced, with varying degrees of success. These include the following:

- Community networks, to advise on changes to any informal settlements.
- Fencing off of vulnerable land.
- Ensuring that developable vacant land is planned and developed timeously to prevent invasion.
- Informing communities about land invasion procedures.
- Informing land owners about their rights and responsibilities in respect of protecting their land.
- Patrolling of areas to curb illegal invasions.
- Use of interdict processes to stop the invasion of targeted land.

2.4.4 Emergency housing for households living in life-threatening conditions

Currently the NMBM plays a facilitation role in the establishment of emergency shelters for communities. The NMBM identifies families in need and submits a formal request to the Provincial Department of Human Settlements for the approval and supply of emergency shelters in predetermined areas.

It must be noted that the emergency relocations to serviced sites take place with rudimentary services only. This means that the relocated families receive bucket sanitation and water from a communal collection point at a 200 m radius and basic gravel roads until the required top structures are completed.

2.4.5 Strategy for better located housing development for all and specifically the poor in relation to densification

Well located, pro-poor urban development strategies are well entrenched in the Sustainable Community Planning Methodology of the MSDF and the Human Settlements Strategic Framework of the NMBM. The former in particular focuses on actions and approaches to achieve higher levels of functional, social and economic integration, simultaneously promoting and improving social, economic and environmental sustainability.

The density of existing areas should be increased through infill development on vacant land not required for other purposes. Corridor development along public transport and other major transport routes will also increase densities in existing areas.

To effectively increase density and thereby reduce urban sprawl, future densities should average at least 30 to 40 units per hectare (gross) in new areas. Current densities average 20 units per hectare.

It is predicted that more than 80% of the future residential demand in the Metro will be for low-income housing. In view of the need for densification, it is this sector that will, of necessity, be most affected.

The current practice of creating erven of 200 to 300m² for low-income housing is unsustainable from an economic and land utilisation point of view. Increased densities, on the other hand, can decrease land and servicing infrastructure costs and also enhance the viability of public transport systems.

The proposal in the context of the Nelson Mandela Bay area is as follows:

- To strengthen the existing major bus routes and commuter routes in the Metro by the addition of high-density development alongside.

- To intensify development around existing public open spaces, where appropriate. Intensification refers to the subdivision of the existing appropriately located and designed Brownfield erven.
- The Greenfield development of certain strategic sites which, although located on the periphery of the city, could nevertheless be easily integrated into either the rail or road transport system. Environmental considerations rather than cadastral boundaries informed the perimeters of such external Greenfield sites.

2.4.6 Land identification and release for housing

The entire RDP housing programme is accommodated on municipally owned land. The release of the land is determined through the housing programme project matrix, as described above.

Social housing initiatives and the acquisition of private land in existing development areas that are well served by facilities and amenities are areas in which intervention is required. In these instances, there is a need to acquire private land.

Various ongoing efforts are made to densify the City using existing zoned land owned by government that is designated for uses such as schools and open spaces. Capital uses can change over time and social housing and other forms of residential use can be accommodated on underutilized sites.

The Municipality has always prepared a number of sites in advance of the allocation of HSDG funds for development. Over the last two years, 4 852 serviced sites have been made available.

These sites will be developed either using HSDG for a full top structure or using USDG funding for the creation of a bathroom with flush toilet and slab in terms of the bucket eradication programme.

TABLE 19: Services sites available for development

Item	Project Name	No. of Sites	Type of Development	Project Status	Expected Date of Readiness
1	Motherwell NU 12	350	Greenfields	Serviced	Ready
2	Motherwell NU 30 (Phase 1)	282	Greenfields	Serviced	Ready
3	Khayamnandi Ext. Phase 1A&B	471	Greenfields	Serviced	Ready
4	Khayamnandi Ext. Phase 2	1013	Greenfields	Serviced	Ready
5	Khayamnandi Ext. Phase 3	208	Greenfields	Serviced	Ready
6	Khayamnandi Ext. Phase 4A	358	Greenfields	Serviced	Ready
7	Khayamnandi Ext. Phase 4B	372	Greenfields	Serviced	Ready
8	KwaNobuhle Area 11 Ph 1	350	Greenfields	Serviced	Ready
9	KwaNontshinga	105	In-situ	Serviced	Ready
10	Joe Slovo Uitenhage	300	In-situ	Serviced	Ready
11	Sisulu Village	18	In-situ	Serviced	Ready
12	Kwanobuhle Area 7 Ph 4	244	In-situ	Serviced	Ready
13	Kwanobuhle Area 8 Ph 4	266	In-situ	Serviced	Ready
14	Doorenhoeck	40	In-situ	Serviced	Ready
15	Red Location	172	In-situ	Serviced	Ready
16	Motherwell High Density	109	In-situ	Serviced	Ready
17	Walmer Q	194	In-situ	Serviced	Ready
Total		4852			

2.5 TRENDS AND DEMAND FOR COMMUNITY AND SOCIAL INFRASTRUCTURE

2.5.1 Quantifying backlogs and future demand in relation to commitments secured by relevant provincial/national departments or entities

The table below relates to the delivery of social amenities. It shows actual delivery costs, it includes the reality of housing costs (at minimum), internal reticulation, bulk servicing, social amenities and retail opportunities. It is concluded that the delivery cost per erf is approximately double the subsidy amount allowed, if community infrastructure is considered.

TABLE 20: Cost of Community Infrastructure

	Cost per Erf	Total Cost (Erf cost X 72411)
BACKLOGS (Informal and backyard shacks): 72411		
Housing Expenditure	R 110,654	R 8,012,566,794
Indicative First Order Summary - Social Facilities		
<i>Schools</i>	R 20,000	R 1,448,220,000
<i>Clinics</i>	R 11,200	R 811,003,200
<i>Police Stations</i>	R 4,800	R 347,572,800
<i>Sports Facilities</i>	R 1,600	R 115,857,600
<i>Community Centres</i>	R 6,400	R 463,430,400
<i>Libraries</i>	R 1,600	R 115,857,600
<i>Parks and Recreation/Greening</i>	R 1,600	R 115,857,600
<i>Private Investment - Retail</i>	R 20,000	R 1,448,220,000
Total - Social Facilities	R 67,200	R 4,866,019,200
NMBM Internal Reticulation (Roads, Water & Sanitation)	R 23,211	R 1,680,731,721
NMBM Electricity Reticulation	R 9,912	R 717,758,158
Total Housing, Social Facilities & Internal Reticulation	R 210,977	R 15,277,075,873
NMBM Bulk Reticulation (Bulk water, sewer and roads and stormwater upgrade)		R 10,557,000,000
Total Housing, Social Facilities and Bulk Infrastructure	R 356,770	R 25,834,075,873

Buildings, the natural environment, vegetation and open spaces are important for creating liveable environments. In addition, education and safety and security, well-functioning services and adequate facilities are required by communities for proper living. To deliver the full spectrum of services and amenities with housing opportunities, good intergovernmental relations are required, as all spheres of government are involved in delivering these products.

An impediment to the delivery of fully integrated and sustainable human settlements is the large developmental backlogs, which put pressure on the Capital Budget. The backlog is calculated based on the 72 411 housing unit backlog.

Approximately R13,4 billion is needed over and above the HSDG to eliminate the housing backlog of 72 411 units to fully integrated human settlements standards. The amount to eliminate the total housing backlog and provide all amenities is R25,834,075,873.

2.6 TRENDS AND DEMAND FOR TRANSPORTATION

The Nelson Mandela Bay Municipality is in the process of implementing an initial phase of a new regulated public transport system with the objective to support economic and social development of the city. It is intended that this be done by transforming current diversified minibus taxi and bus operations into an integrated city wide system which will provide the citizens with sustainable, efficient, affordable, accessible and safe public transport services.

Planning and implementation of an Integrated Public Transport System (IPTS) has commenced with the construction of bus lanes and the purchase of articulated buses and a solo bus. A pilot system was in operation during 2013.

Travel time, accessibility, reliability, affordability, comfort and safety are important aspects of the IPTS Plan.

2.6.1 Trends in demand for transport services by mode and income group

The Transport Travel Survey undertaken in 2009 indicates an estimated total of 1.33 million person trips per day in the municipal area.

TABLE 21: Person Trips per Day (2009)

MODE	PERSON TRIPS	% (ALL MODES)	% PRIVATE/ PUBLIC	% PUBLIC MODES
Private vehicle	739 746	56	57	-
Taxi (all types)	372 866	28	43	67
Bus	188 465	14		33
Walk	23 974	2	-	-
Total	1 325 051	100	100	100

Source: SSI Engineers & Environmental Consultants, March 2011

It should be noted that this information excludes the number of passenger trips by commuter trains; only two scheduled train services a day are in operation between Uitenhage and the Port Elizabeth CBD. The train service is accessible to a relatively small number of residents within walking distance of the stations, because the railway line was originally constructed as a freight line, located away from the residential areas.

The future IPTS express route between Uitenhage and Port Elizabeth will alleviate this problem. PRASA is well advanced in the planning of the Motherwell to Port Elizabeth Commuter Rail Corridor.

Walking is the predominant mode of travel in low income areas, while private transport is the predominant mode used in the Port Elizabeth Central/Western suburbs and Uitenhage/Despatch areas. In the Northern Areas (Gelvandale/Bethelsdorp), there is an almost equal modal split between walking and private and public transport.

Contracted bus services and minibus taxis are currently the predominant public transport service providers in the municipal area.

2.6.2 Implications of ITP and IPTS for land use management

According to the Technical Transport Planning Guidelines for CITPs prepared by the Department of Transport, the MSDF should be influenced by the CITP. Specifically, the alignment of an Integrated Public Transport System (IPTS) should inform land development, thereby providing proposed developments access to existing and operational public transport facilities. Additionally, the CITP can indicate the necessary intensification requirements of commercial, residential and activity land-uses that would make an IPTS viable. Low density, dispersed developments beyond the reach of public transport corridors have numerous negative impacts on the transport system, including long trip-times to public transport nodes, poor non-motorised transport (NMT) opportunities and the promotion of private vehicle use. These developments should consequently not be prioritised for development until they are linked to the public transport system or employment opportunities are provided within or close to the development and urban densities are increased to sustainable levels.

The MSDF, and the individual project proposals specified by the MSDF, should be evaluated according to the transport implications of the project alternatives. Selection of project alternatives should be made with reference to the performance of the proposal and transport system in terms of the following objectives:

- Integration
- Safety

- Environmental Impact
- Economy
- Accessibility

The MSDF should be informed by the CIP in such a way as to meet the five above mentioned objectives. Poor integration of land-uses and inadequate accessibility to work opportunities by public transport negatively impact the economy and environment through long average travel times, high fuel usage and wasted time.

One of the focal points of the MSDF is to develop corridors along major transport routes. These corridors are to be flanked by mixed-use development and will be supported by improved public transport routes, such as the Khulani Corridor that extends from the NMBM 2010 Stadium to Njoli Square and Motherwell. These corridors thereby promote accessibility to a number of amenities, facilities and jobs, as well as improve mobility within the City.

The strategic development projects included in the MSDF implement the core development focus areas. A number of projects, such as the Njoli Square Development, the Motherwell Urban Renewal Programme, and the Zanemvula Project to name a few, include strategies to promote mixed-use development, increase urban density and infill housing on currently vacant land, especially along transport corridors.

Improved integration is assured by promoting public transport development, which is made viable by increasing housing densities as more people can make use of fewer public transport stops. The safety of users is enhanced by upgrading the road reserves as well as through densification: by placing more residences and businesses adjacent to the access routes, human presence on the street is increased thereby enhancing pedestrian security. Environmental impact is mitigated by reducing travel distances and time spent travelling by promoting mixed-use developments and public transport. Dense, mixed-use neighbourhoods allow economic opportunities and community facilities to be located closer to a greater number of residents, thereby making the provision of facilities more cost effective. Accessibility to public transport and facilities is also improved by dense, mixed-use development strategies on defined transport corridors.

An area which was lacking in a number of projects is specific reference to the safety and security of pedestrians, cyclists and wheelchair users and community segregation by barriers such as high order roads and rail lines. This needs to be addressed in the MSDF under review for the 2015/16 financial year.

Overall, however, the SDF performs favourably in terms of its implications on the transport system, as evaluated in terms of the five objectives for good integration of a spatial development framework and the transport system that ultimately supports it.

2.6.3 IPTS Implementation Strategy

The new Integrated Public Transport System (IPTS) is based on the 2006 Public Transport Plan (PTP) that formed part of the Comprehensive Integrated Transport Plan (CITP) of the Nelson Mandela Bay Municipality. The plan determines a long term strategy for developing the new public transport system and a short term implementation strategy for the first phase of operations.

The 2006 PTP proposals are now being developed into an Operational Plan which details the routes to be operated, the infrastructure required, the type and size of the vehicle fleet and the institutional arrangements required to manage and monitor the integrated public transport system. The Operational Plan proposes five service contract areas covering the city, with each contract to be negotiated with current bus and taxi operators.

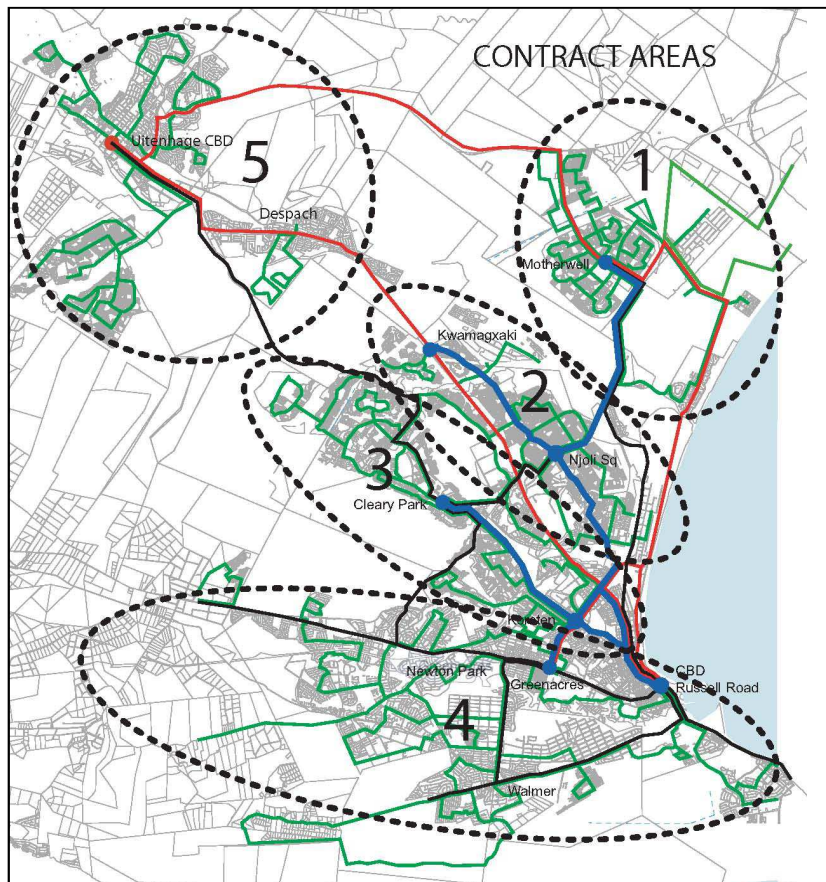
The plan is being developed by the municipality in collaboration with the Eastern Cape Provincial Department of Transport, current minibuss taxi operators and the Algoa Bus Company, who are members of the Steering Committee and Technical Working Group which meet regularly to discuss the implementation of the Public Transport Plan supported by the National Department of Transport.

The implementation of the IPTS will take a phased approach according to the five Contract areas that the metropolitan area has been divided into. The contract areas are as follows:

- Contract Area 1: Motherwell
- Contract Area 2: Njoli
- Contract Area 3: Cleary Park
- Contract Area 4: Western Suburbs
- Contract Area 5: Uitenhage

The extent of the five Contract Areas is shown in the figure below with the IPTS Catchment Areas.

FIGURE 14: Contract Areas for NMBM IPTS



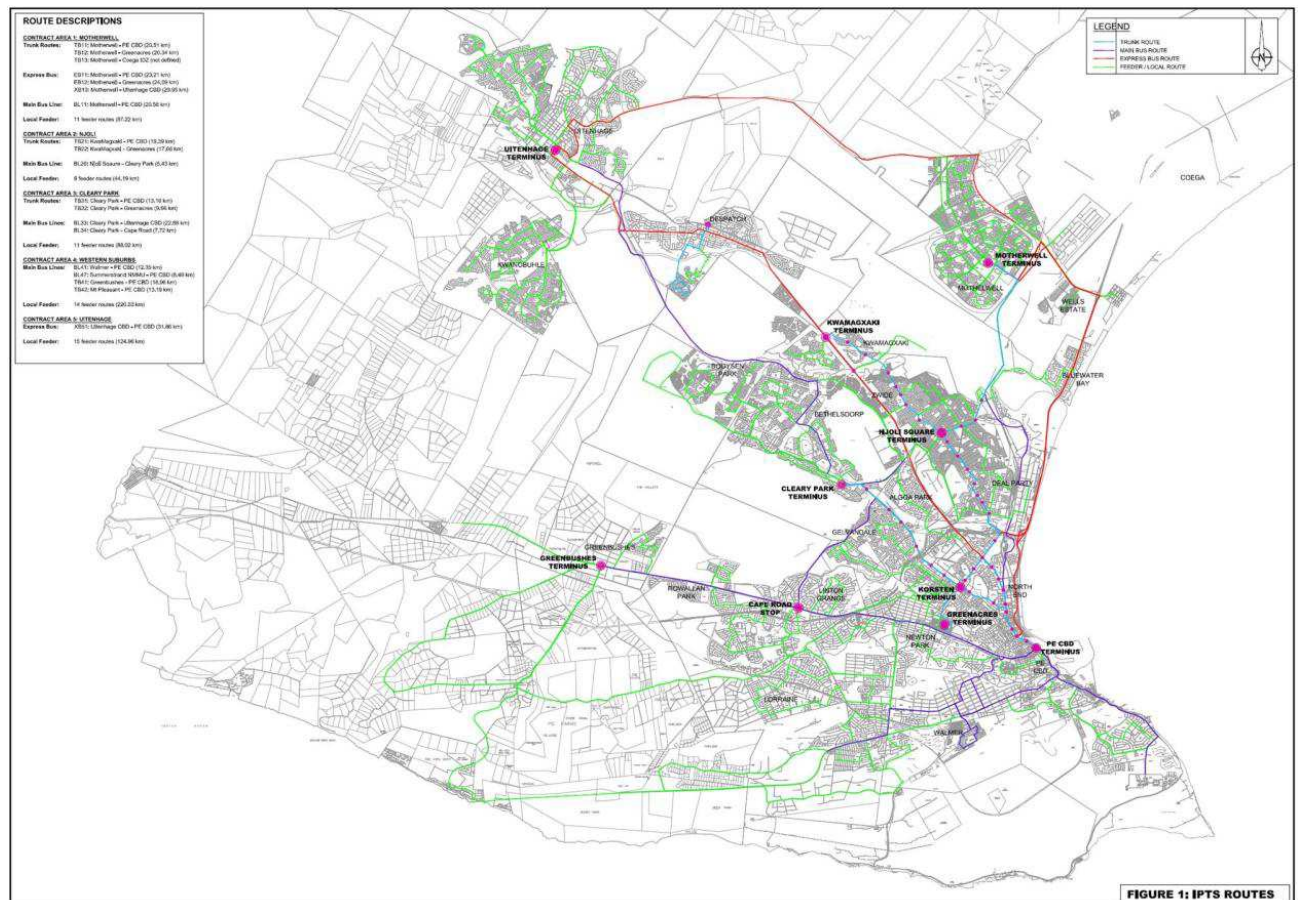
Note: The numbering of the Contract Areas does not necessarily reflect the order of implementation.

Source: "NMBM, IPTS, 2015

Although separated and dedicated bus lanes with raised platforms have been constructed along specific IPTS routes in the city, the implementation of the rest of public transport infrastructure associated with the IPTS as described in the Public Transport Plan is to be implemented in a phased approach as stipulated in the above-mentioned phasing report.

Negotiated contracts are in the process of being prepared and discussed with current public transport operators. The concept envisages the transformation of the entire transport network over a short length of time. Local taxi operators have completed the process of formalising Taxi Associations into Co-operatives; they are currently in the process of converting Co-operatives into Vehicle Operating Companies in order to prepare for contract negotiations.

FIGURE 15: IPTS Routes



Source: NMBM, IPTS, 2015

2.6.3.1 Budget

Implementation Cost Estimate:

A high level draft budget for the implementation of the IPTS was prepared for the PTIS submission to the Department of Transport in July 2014. This budget was based on the available information and applicable assumptions at the time of the PTIS submission, which are subject to change, depending on conceptual changes to the implementation plan.

To the extent that such changes may have taken place in the intervening time, the draft budget has not been revised accordingly.

Capital costs include the cost of critical infrastructure required to implement IPTS, including trunk routes, stations, depots, interchanges and a control centre.

TABLE 22: High Level IPTS Cost Estimate

	COSTS (R million)				
DESCRIPTION	2014/15	2015/16	2016/17	2017/18	Total
PTI GRANT					
Unspent/(overspent) from previous year	R 146	R 0	R 0	R 0	R 146
Allocation	-R 170	-R 222	-R 214	-R 213	-R 819
Total PTI Grants	-R 24	-R 222	-R 214	-R 213	-R 673
PTI EXPENDITURE					
Planning costs	R 112	R 114	R 141	R 129	R 497
Institutional development	R 0	R 0	R 0	R 0	R 0
Equipment	R 52	R 161	R 200	R 231	R 644
Infrastructure	R 124	R 296	R 351	R 403	R 1,174
Transitional costs	R 36	R 0	R 0	R 0	R 36
PTI Total Expenditure	R 324	R 572	R 692	R 763	R 2,351
PTI Possible underspend/(Deficit)	R 300	R 350	R 478	R 550	R 1,678
PTNO GRANT					
Unspent/(overspent) from previous year	-R 9	R 0	R 0	R 0	-R 9
Allocation	-R 60	-R 150	-R 145	-R 144	-R 499
Total PTNO Grants	-R 69	-R 150	-R 145	-R 144	-R 508
PTNO EXPENDITURE					
Municipal operating costs	R 34	R 83	R 120	R 138	R 375
Marketing	R 15	R 17	R 20	R 23	R 75
Compensation for affected operators	R 4	R 21	R 43	R 70	R 138
Infrastructure maintenance	R 4	R 7	R 9	R 7	R 27
Direct operating costs		R 51	R 138	R 264	R 453
Estimated Fare revenue		-R 19	-R 103	-R 205	-R 328
PTNO Total Expenditure	R 56	R 160	R 226	R 298	R 740
PTNO Possible underspend/(Deficit)	-R 13	R 10	R 81	R 154	R 231
TOTAL					
Total grant funding required	R 380	R 732	R 919	R 1,060	R 3,091
Total Grant Allocation	-R 230	-R 372	-R 359	-R 357	-R 1,318
previous year	R 137	R 0	R 0	R 0	R 137
TOTAL Possible underspend/(Deficit)	R 287	R 360	R 560	R 703	R 1,909

The City Support Programme of National Treasury has, since late 2014, been supporting the NMBM with a view to determine whether the Integrated Public Transport System that is being planned is affordable and sustainable. To this end, the World Bank has been appointed by National Treasury to assist the NMBM. Engagements between World Bank and IPTS Unit has resulted in both parties agreeing that the work that is currently underway in terms of the preparation of the operational and business plans for the starter service should proceed but that in general, the system as planned, is not sustainable.

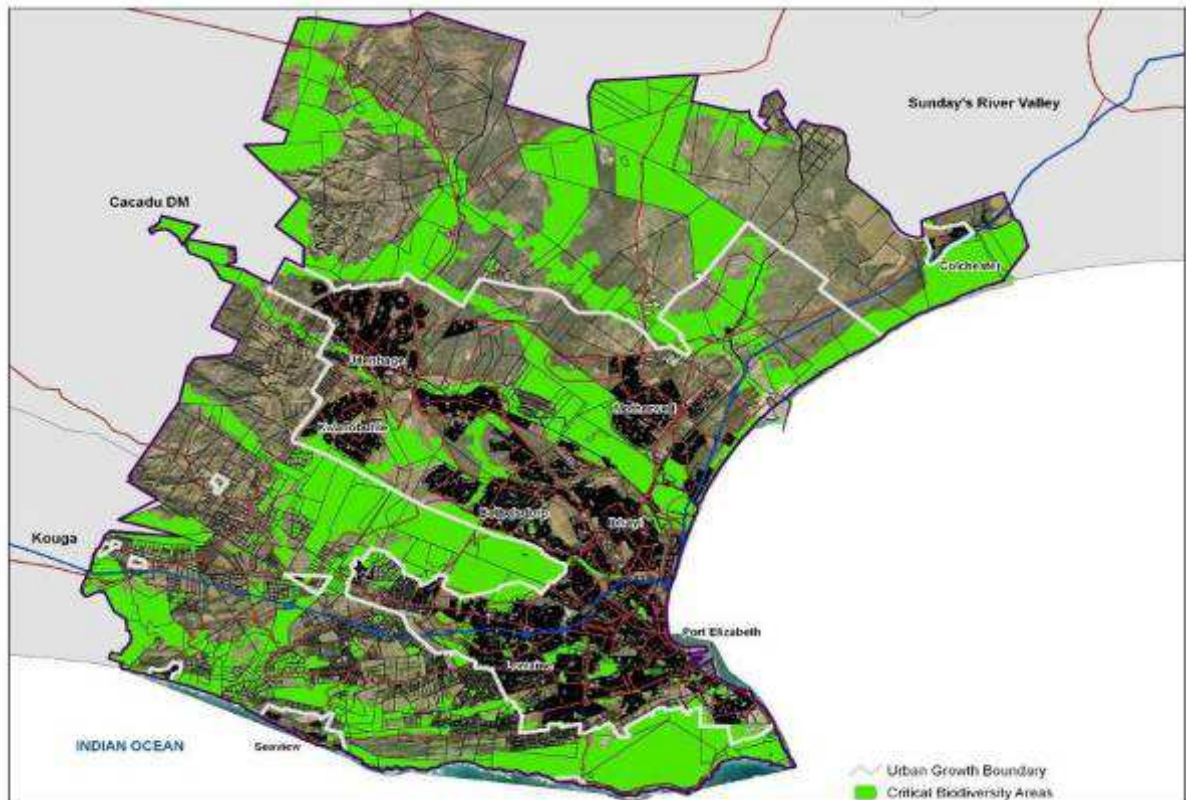
2.7 TRENDS AND DEMAND FOR SUSTAINABLE DEVELOPMENT

2.7.1 How the ecological (natural/green) infrastructure supports and constrains urban growth and development; procedures; standards; and performance

The National Environmental Management Biodiversity Act, Act 10 of 2004 and other environmental legislation require municipalities to develop strategic environmental planning tools (i.e. Conservation Assessment, Environmental Management Framework and Bioregional Plan) and management programmes aimed at informing and guiding land use planning and decision-making processes, thereby promoting sustainable biodiversity management.

The Municipal Systems Act, Act 32 of 2000 requires that the environmental impacts of the Municipal Spatial Development Framework (MSDF) be evaluated. In 2007, the NMBM completed a systematic biodiversity planning assessment process that spatially represented a network of its biodiversity resources and processes. This was used to inform the Strategic Environmental Assessment of the MSDF. The Municipal Systems Act 32 of 2000 also states that municipalities must deliver their services in a sustainable manner.

The biodiversity network represented within the MSDF was later used to inform the Environmental Management Framework (EMF) at a Metro-wide scale, guiding development to appropriate areas and limiting development in environmentally sensitive areas. Geographical areas were identified and mapped to facilitate a reduction in the legal requirements and streamline the Environmental Authorisation process at a strategic level, thereby ensuring that biodiversity priorities would be taken into the sector planning of the NMBM. It is anticipated that the review and refinement of the Metro's EMF will be completed in the 2015/16 financial year.

FIGURE 16: Critical Biodiversity Areas

Source: NMBM Metropolitan Spatial Development Framework, 2009

The NMBM Bioregional Plan is aimed at conserving biodiversity at a regional level and is primarily concerned with guiding land use planning and decision making through improving the legal standing and consideration of Biodiversity/Conservation areas by all organs of state. The National Environmental Management Act, 107 of 1998, the Environmental Impact Assessment (EIA) regulations, as amended in 2010, and further amended in 2014 make specific mention of threatened ecosystems, Critical Biodiversity Areas, Bioregional Plans and systematic biodiversity plans to act as EIA triggers. The NMBM has completed the Bioregional Plan, which has been gazetted.

A Corporate Environmental Impact Assessment Task Team (CETT) and Bilateral meetings between the Nelson Mandela Bay Municipality and the Provincial Department of Economic Development and Environmental Affairs (DEDEAT) are further instruments employed towards ensuring integration at social, economic and environmental levels.

The National Environmental Management: Integrated Coastal Management Act, Act 24 of 2008, allows for the development of a Coastal Management Programme that calls for an integrated, coordinated and uniform approach to coastal management within the Metro by all stakeholders in ensuring the sustainable use of coastal resources. The programme is currently being updated and will be subjected to a public review process. The Coastal Development Line (hazard lines) study, has been completed in association with the Eastern Cape Provincial Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The delineated development lines (hazard lines) will, once promulgated, be used to inform appropriate development along the coastline of the Metro by means of specific regulations as well as the updated Coastal Management Programme and other sector plans of the NMBM. These plans are due for completion in the 2015/16 financial period.

The natural resources planning, inventory and operational management of the NMBM's nature reserve network and green infrastructure network is concerned with conserving ecosystem values, functions and the restoration of natural systems that underpin watershed health and hydrological integrity supporting natural resources necessary for agriculture and aquaculture.

Municipal policies, such as the Integrated Environmental Policy and the Integrated Energy Plan, are specifically geared to address the response and resilience of all communities to climate change impacts.

The Integrated Environmental Policy specifically, provides guidelines for the Land Use and Planning sector of the Municipality, which (amongst others) are to:

- Undertake spatial planning that reduces urban sprawl, promotes densification, mixed use development, and corridor developments, and
- Encourage green buildings and sustainable design and development practices.

The NMBM has set out to achieve the following sustainable goals:

- Providing an affordable and secure energy supply that increases the development and use of renewable, less toxic and less carbon intensive sources.
- Providing affordable and secure energy for all, while minimising demand and consumption.
- Increasing the percentage of energy derived from renewable sources.
- Policies promoting the use of clean and efficient energy.
- Achieving greenhouse gas emissions and air pollution reduction in both municipal operations and the community at large, with attention given to the reduction and prevention of inequalities.
- Improving the response and resiliency of all communities to climate change impacts on the built, natural and social environments, with the emphasis on public health and historically underserved populations.
- Ensuring that outdoor air quality is healthy for all segments of the human population and the natural environment.

The current areas of focus for climate change in the city include:

- Greenhouse gas emissions tracking and reduction.
- Maintenance and growth of current initiatives, whilst looking at others.
- Addressing the roles and responsibilities of every directorate in climate change related issues.

- Responding to vulnerability and aligning it with adaptation.
- Education and awareness.
- Ensuring alignment with provincial and national strategies and actions, and managing in-house policies and strategies.

In 2013, a municipal Community Awareness Campaign, called the Go Green Advocacy Programme, was launched. This Programme is aimed at providing residents with the resources they need to think critically about and address environmental problems and solutions, and include the environment as an important consideration in their work and daily living. This awareness programme built on the Go Green Campaign, which was initiated in 2008 to showcase municipal-led projects and initiatives which demonstrated sustainability.

The Integrated Energy Plan aims to provide a high level perspective of the energy trends and needs of Nelson Mandela Bay over the next 10 years. The Green Procurement Implementation Strategy is aimed at moving the NMBM toward the inclusion of environmental criteria in its Supply Chain Management Policy in order to encourage the development and diffusion of goods and services which have the least impact on the environment.

An Environmental Management System (EMS) is in operation at the Nelson Mandela Bay Multi-Purpose Stadium. This Stadium was built on Green Goal principles, sourced from the 2006 FIFA World Cup held in Germany. An EMS is a management tool aimed at reducing and managing the environmental impacts of activities, and is a condition of the Stadium's environmental authorization.

The NMBM adopted the national standard for energy efficiency or SANS 204 in municipal buildings, which greatly raised awareness of the consumption of energy resources and the type of energy resource that is being used.

The Disaster Management Sub-Directorate (Safety & Security Directorate) has identified in its' Risk Assessment (2010) that the highest rated risks to the NMBM are Hydro-metereological (Floods & Storms) and Hydro-metereological (Droughts), and then Environmental Degradation (in order of importance). This has implications for city planning. Preventative and disaster-proof city planning and design must become the norm in future where the effects of climate change are not linear or always predictable.

The Waste Management sub-directorate has embarked on Metro-wide project aimed at the betterment of the waste management infrastructure, processes and existing systems to offer better efficiency and offer operational cost savings to the NMBM. The project is entitled: "Municipal Solid Waste (MSW) Diversion and Beneficiation in the NMBM" (NMBM, 2015).

Key to this project is the implementation of waste management infrastructure which is to be constructed on strategically located sites including the possible construction of a waste-to-energy (WtE) plant. A detailed feasibility study has been carried out recently by Royal HaskoningDHV, which has identified the project to be economically, environmentally, technically and socially feasible. The project may introduce approximately 300 new sustainable jobs.

The Waste Management infrastructure for this project comprises the construction of what is described as "Waste Parks" including waste transfer stations, waste sorting and recovery facilities (also called Materials Recovery Facilities – MRF's), and waste treatment which may include composting, anaerobic digestion (AD), aggregate crushing and sieving and waste-to-energy (WtE).

Five (5) sites were identified for Waste Management Infrastructure and the establishment of "Waste Parks" within the NMBM. These are:

- Greenbushes - Approximately size 200 x 220m
- Markman (Motherwell) - Approximately size 400 x 1000m

- Koedoeskloof - Approximately size 330 x 150 m
- PPC West - Approximately size 46ha
- Coega - CDC Zone 5

The sites earmarked for the “Waste Parks” are PPC West and Koedoeskloof, whereas Coega is earmarked for a waste-to-energy plant site only and Waste management infrastructure is earmarked to be installed and constructed at Greenbushes; Markman/Motherwell; PPC West; and Koedoeskloof.

The South African National Framework for Sustainable Development (NFSD) was approved in 2008, and is the precursor to the National Strategy for Sustainable Development and Action Plan 2011-2014 (NSSD 1), approved by Cabinet in 2011. In the NSSD 1, sustainable development is accepted as a long-term vision for the country’s prosperity. Through 5 key priorities, it sets out to guide the implementation of all three tenets of sustainability (environmental protection, social equity and economic efficiency).

Priority 3 relates to the green economy and provides interventions to unlock the potential of this “mindshift” in developmental thinking. Infrastructure, and indeed the built environment, must become sustainable to serve both the needs of present and future communities. Another intervention is to implement a “Green Building Regulator Enforcement Programme”, and municipalities can develop Green Building by-laws, as an example. The NMBM’s IDP provides a strong focus on Local Economic Development and job-creation projects for waste minimization, beautification and education and awareness-raising for residents on climate change.

One of the biggest challenges to the sustainability of ‘green’ infrastructure (ecological services such as wetlands, biodiversity corridors, natural habitat spaces, and other biophysical systems) is a failure to address the impacts of climate change and unsustainable resource use. The National Strategy for Sustainable Development and Action Plan 2011-2014 (NSSD 1) states that ecosystem resilience must not be disturbed, and that adaptive capacity in

communities must be built. These goals relate to Specific Priority 5 of the NSSD 1, which relates to “responding effectively to climate change”.

As one example of infrastructure’s ‘adaptive capacity’ (ability to respond to changes in conditions), the Water and Sanitation Sub-Directorate has embarked on an externally-funded project to increase the energy and water efficiencies of 74 pump stations throughout the Metro. These pump stations are under strain due to population increase and cyclical droughts.

The integration of municipal and provincial spatial planning instruments are encouraged as a means of integration and alignment of strategic sustainability priorities. The overlaying of municipal spatial development frameworks, the conservation status layers, and collaboration with Environmental Management and other relevant Directorates are all efforts which speak to this integration and alignment. In addition, the multi-sectoral internal municipal forums, as well as bilateral discussions (such as those between the local Department of Economic Development, Environmental Affairs and Tourism and the NMBM) with local provincial authorities are part of efforts to create cross-communication, clarity on legislative compliance under the National Environmental Management Act and other legislation, and ultimately co-operative governance.

Overall, all the five priorities of the NSSD 1 can guide local government in making decisions on how to create sustainability in both human settlements and the built environment.

2.8 IMPACT OF SECTOR TRENDS AND DEMAND ON SPATIAL FORM

The spatial challenges identified, are not experienced in Nelson Mandela Bay only, but are common problems throughout South Africa and include:

- Fragmented socio-economic spatial development (an apartheid legacy).
- Urban sprawl.
- Low densities.
- Lack of integrated transport planning, e.g. car-dominated planning.
- Misalignment of transport and land-use planning.
- Poor civic infrastructure, especially in disadvantaged areas.
- Lack of housing typologies for lower income groups.
- Lack of mixed use and tenure options in lower income areas.

In order to address the above fragmented spatial form, a number of initiatives have been introduced and implemented to a varying degree in Nelson Mandela Bay. These include the following:

- Comprehensive Integrated Transport Plan, to ensure accessibility.
- Defining an urban edge and densification policies.
- Focus on the civic infrastructure in the public realm.
- Metropolitan Spatial Development Framework, including Local Spatial Development Frameworks and Sustainable Community Planning.
- NMBM Housing Programme.
- Social housing implementation.
- Land Use Management System revision.
- Retention of erven in new low income areas for private sector, residential and mixed use.
- Integrated Development Matrix.

- Urban simulation modeling, with a view to refine certain shortcomings identified during the first round and to incorporate financial modeling for the long-term financial sustainability strategy.
- Formulation of a long-term desired shared vision and mission.

Some of these interventions have been successful; however, the following aspects have been identified as barriers to the effectiveness of the interventions:

- The lack of funding to tar gravel roads and provide access to new areas and internal roads is a major inhibiting factor, as banks will not finance commercial developments unless they are located on a tarred road. Although land is made available for mixed-use development, this deters private sector development in newly developed residential areas.
- Private sector developers constantly pressurise the NMBM to relax the urban edge. Arguments such as the need for job creation and economic diversity are used to motivate developments. These developments cause leap-frog developments and unsustainable bulk infrastructure.
- The acquisition of well located private land at market related prices is a prolonged process, for which there is insufficient funding.
- Growth in the local population and economy is very slow. The implementation of development and the steering of development initiatives to priority areas can therefore take place over the long term only.
- For fully integrated and sustainable settlements, quality civic infrastructure in low income areas is needed. This includes the quality of roads, pavements, cycling infrastructure and civic amenities. There is no funding for this provision from the current grant framework, and the NMBM is unable to fund this infrastructure itself. The result is that new lower-income township areas are developed, with noticeably deficient civic infrastructure and amenities.

- The Spatial Planning and Land Use Management Act (SPLUMA) has recently been promulgated. It is not yet yielding visible results although it is expected that changes can be anticipated in the 2015/16 financial year.
- Intergovernmental coordination is a major challenge with regard to integrated and sustainable human settlements. This is because facilities and services that are to be provided by the provincial sphere of government are not being properly coordinated in the development and redevelopment of human settlements areas.
- In certain projects in the Municipality, such as Zanemvula and Motherwell Extensions 29, 30 and 31, extra-ordinary arrangements have been made to secure the necessary intergovernmental coordination. This, however, does not happen as a matter of course in all projects. The Integrated Development Matrix was specifically developed to identify, at an early stage, the roles and funding requirements of all actors in the development of human settlements and to secure commitment.
- The Provincial Department of Transport does not contribute adequately to the maintenance of provincial roads in the Metro.
- The perpetuation of RDP housing with low densities remains a challenge. There is a need to change the mindset of communities and other roleplayers to adopt alternative sustainable solutions.
- Densification along corridors is slow due to the very slow growth being experienced in the Metro coupled to the majority of development being in the subsidized housing sector.

3. STRATEGIES AND PROGRAMMES

3.1 STRATEGIC DEVELOPMENT REVIEW

During 2014 it was acknowledged that a number of indicators show that the NMBM has entered a low growth trap which weakens long term prospects for economic growth, poverty reduction, and threatens the fiscal sustainability of the municipality.

Economic performance of the metro is weak with low investor confidence, joblessness and widespread economic exclusion. Although the metro has made impressive strides in expanding access to housing and basic services, this very success threatens the fiscal viability of the metro over the long term as low payment levels and rising operating costs erode its capacity to fund the significant investments required in infrastructure extension, maintenance and replacement.

The City Support Programme enabled a Strategic Development Review (SDR) through engagement with the political and administrative leadership. This review assessed the development challenges and opportunities facing the city and initiated a strategic planning process which involved the development of a number of possible scenarios linked to important development choices to be made.

It became clear from the analysis and the scenario planning exercise that the NMBM leadership needed to develop and sustain a consistent and mutually re-inforcing set of initiatives and programmes (embracing financial, economic, developmental and organisational themes) to maintain a virtuous growth cycle which can meet the challenges facing the city over the long term.

It has been agreed that a shift of the development trajectory of the metro is required. This shift has been summarised as the “**walking together for**

growth” scenario and calls for bold, strategic and disciplined leadership so that, by 2030, the metro is a dynamic, creative city of choice for residents and investors.

The decisions required in the "walking together for growth" scenario have been agreed as follows:

Decision 1: establish a single organisational planning process

The city must significantly strengthen strategic planning systems, to ensure they are consistent, mutually reinforcing and provide an effective guide to development. A lack of integration between major planning instruments, particularly with respect to human settlements, public transport and land use management makes a significantly negative contribution to the built environment outcomes experienced in the metro area.

In order to strengthen strategic planning the city leadership should establish a strategic planning centre for the organisation, with capacity to: (i) exercise strong technical oversight of sectoral planning within a framework established by the Spatial Development Framework; and (ii) undertake extensive monitoring, evaluation and data analysis to drive empirically based policy formulation

The metro itself cannot control economic growth, so it must behave strategically with the powers it has and build the partnerships it needs to facilitate growth. Moreover, it must carefully choose what it seeks to do, as well as what it does not seek to do.

The single organisational planning process must have the Spatial Development Framework at its centre, because of the need to redefine the urban space economy for inclusive and sustainable growth. The current low density, sprawling urban form of the metro area has long been identified as an obstacle to equitable, sustainable and efficient development. Yet current city development strategies have continued to perpetuate – and in some cases

entrench – this urban form. This has imposed long term costs on the municipality, households and businesses that are emerging as a significant constraint to future growth a poverty reduction.

Decision 2: Implement a more strategic budget process

The existing budget process has many deficiencies: it has a very technical character, and there is no space for discussion of strategic and political imperatives and their budget implications. This reinforces a 'business as usual' approach by spending departments. Furthermore, consultation starts very late in the process and while the final budget may be technically sound (i.e. it could be approved by NT as a funded budget) it lacks credibility with the political leadership, community organisations, and parts of the business sector. Such a budget is undermined from the moment it is adopted, and does not achieve its main purposes, namely to ensure that the budget reflects strategic choices, and that spending stays within the budget.

However, a municipal budget should be (a) strategically and technically well-considered; (b) financially-constrained; (c) politically-determined; and (d) broadly consulted and supported.

A strategically well-considered budget will ensure that spending shifts away from low priority and unaffordable projects and programmes towards essential and high priority projects and programmes. It will not merely react to the latest pressures but forge a deliberate path in the chosen strategic direction. It will be policy-driven (i.e. it will respond to strategic choices that are clearly articulated), especially in relation to the built environment and economic growth.

A technically well-considered budget will provide for an operating surplus of at least 15%, to ensure that the metro can afford capital programmes on a reasonable scale.

A financially-constrained budget will be funded (cash inflows will be sufficient to cover cash outflows). This is likely to require mandatory savings across the organisation, reprioritisation of major programmes, accelerated generation of trading surpluses through service expansion (even to surrounding municipalities), and evaluations of returns on asset portfolios

A politically-determined budget should reflect - within the available resources - political and strategic priorities; and a broadly consulted and supported budget should be able to win broad agreement among community, business and other social sectors that the budget is appropriate and correct. Without these the city budget will not be able to resist pressures to be continually amended, and so will not be effectively implemented.

Decision 3: Refocus all activities around developmental programmes

The city leadership has made a strategic decision to refocus its attention, priority actions and activities to support and facilitate more inclusive economic growth in the metro.

The core strategic shift required in the approach of the city is from a **Welfarist** approach to a **Developmental** one. While the welfarist approach has expanded access to social package of housing and basic services, it has not enabled the local economy to grow in ways that can provide opportunities to the majority of residents. It has left the city caught in a welfarist dilemma: the more successful it is in providing a social package the less sustainable the municipality – and the social package - becomes over the long term.

A developmental approach is one where the city is able to enter a virtuous cycle of growth, where carefully selected infrastructure investment triggers increased economic activity and rising property prices. This, in turn, allows the city to collect growing service charge revenues from a rising number of non-poor households, and growing property tax revenues as prices rise. And this expands the ability of the city to invest in further infrastructure. Entering this

virtuous, developmental cycle requires city to interface more actively with land markets, both to enable increasing number of households to participate and benefit meaningfully from land market activity in the city, and to garner the revenue benefits.

Effective infrastructure programmes are the key to the city entering this virtuous cycle. The current investment portfolio represents the only chance the city has to get this right, both due to their scale and the absence of any additional sources of finance. It is thus essential that the city urgently seek to rebalance the social and economic dimensions of the portfolio to ensure that it will generate appropriate returns though expanding the revenue base of the city and re-establishing at least a basic operating surplus.

The city leadership has already identified the need to build a more compact and inclusive spatial framework for the city, based on transit oriented development corridors (or integration zones) that are outlined in its Spatial Development Framework and Built Environment Performance Plan. For this decision to be effective, it now needs to ensure that its sectoral development policies complement this approach.

Decision 4: Rebuilding organisational stability and integrity

The multiple organisational weaknesses that currently limit the effective capacity at NMBM require that the following specific actions be undertaken:

- Strengthen the strategic centre of the organisation (the offices of the CM, COO and CFO), locate all strategic planning and major operational planning in this centre, and ensure regular meetings of the entire top management of NMBM;
- Establish a correct and cooperative relationship between political and administrative structures that recognises the different responsibilities and accountabilities of political leaders and officials;
- Re-establish trust and the ability to work across silos through appropriate teambuilding activities;

- Radically enhance administrative productivity by leadership modelling of the necessary changes in behaviour, investing in staff seeking to institutionalise these changes; and improving the management of performance;
- Strengthen integrity systems and ensure that they respond to causes rather than symptoms; enhance transparency and predictability; and strengthen and protect the internal audit function

Decision 5: Rebuild social partnerships

The city leadership will need to work hard to create social consensus and build social capital, as it will not be possible to be effective unless some success has been achieved in this sphere.

There will need to be a sense of trust built around a 'new deal' and a new social coalition. There will have to be a shared sense of the challenges being faced, and a shared commitment to facing those challenges.

Some essential initiatives in this sphere should be:

- a programme with clear messaging and news and innovative channels of communication, particularly with the urban youth, unions and business sectors;
- Develop new means of community engagement, in consultation and oversight, in order to re-invigorate the relationship with communities. Test new mechanisms of community oversight of service delivery in selected areas: community scorecards, social audits. Re-examine (change and broaden) the roles of ward committees.
- Develop new means of engaging social partners for development.

Detailed recommendations to support the above decisions are to be adopted in May 2015.

The results of the Strategic Development Review will influence other major strategic documents of the Municipality such as the long-term vision, the IDP, the Spatial Development Framework and organisational structure.

3.2 LONG-TERM VISION

The Municipality's long-term Vision is as follows:

'To be a globally competitive and preferred Metropole that works together with the people.'

Now that the Strategic Development Review exercise has been completed, it will influence the preparation of a multi-sectoral vision towards 2045. As part of the Capacity Support implementation plan, resources will be made available to enable the Municipality to complete a short, medium and long-term (2045) strategy in line with the Strategic Development Review.

The following are the institution's strategic objectives, as contained in the draft 2015/16 IDP (NMBM IDP Office, 2015):

- Ensuring access to basic services for all resident communities in Nelson Mandela Bay.
- Developing and sustaining spatial, natural and built environments.
- Providing integrated and sustainable human settlements.
- Addressing the challenges of poverty, unemployment and social inequality.
- Fostering a safe, secure and healthy environment for both employees and communities.
- Positioning Nelson Mandela Bay as a destination of choice for both investors and tourists through the development of a prosperous and diverse economy.
- Accelerating service delivery through the acquisition and retention of competent and efficient human capital.
- Ensuring sound financial management and viability.

- Ensuring integrated service delivery amongst the three spheres of government, including government agencies, as well as sharing knowledge and experience with other local authorities in the country and internationally.
- Entrenching a culture of public participation in municipal planning, budgeting and decision-making processes.
- Ensuring responsive, accountable and clean government that mitigates risks and ensures internal control efficiency and effectiveness.

These strategies are encapsulated in the Municipality's five key IDP performance areas, namely:

- Basic Service Delivery and Infrastructure Development.
- Local Economic Development.
- Municipal Transformation and Organisational Development.
- Municipal Financial Viability and Management.
- Good Governance and Public Participation.

3.3 SPATIAL DEVELOPMENT STRATEGY OF NMBM

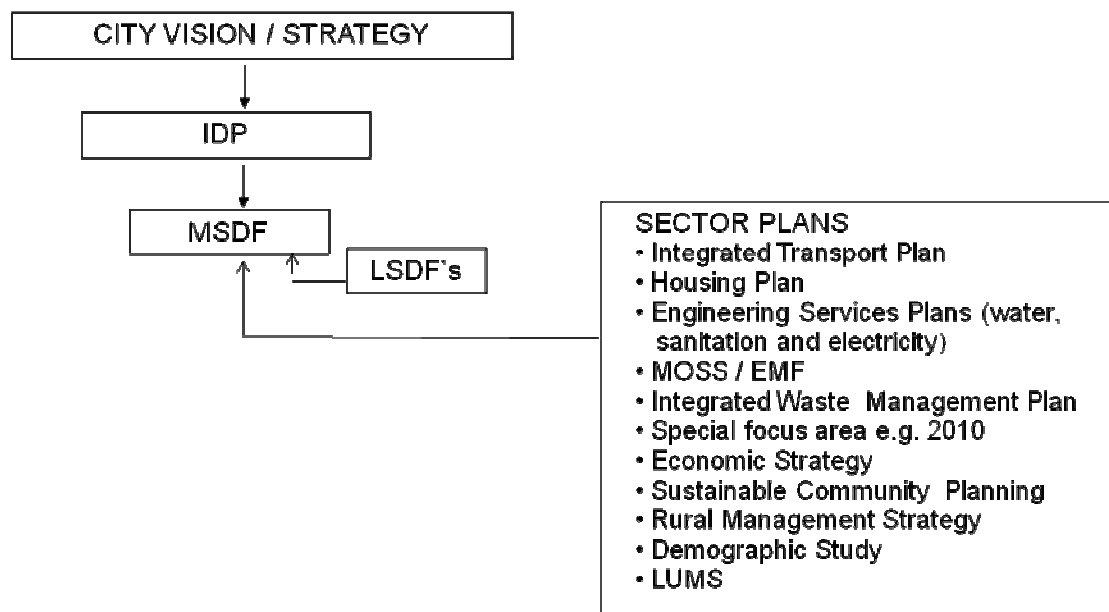
3.3.1 Metropolitan Spatial Development Framework (MSDF)

To ensure sustainable growth and development in Nelson Mandela Bay, it is vital that all strategic planning processes are aligned and fully integrated, so that development does not take place in an *ad hoc* or fragmented manner. Key to this, is the development of a shared long-term vision and strategic plan, which is discussed above. This strategic document will inform future integrated development planning, which will in turn inform the Spatial Development Framework of the Municipality. The Metropolitan Spatial Development Framework (MSDF) (NMBM Metropolitan Spatial Development Framework, 2009) contains a number of key sector plans that are necessary for development.

The Metropolitan Spatial Development Framework in turn informs the Local Spatial Development Frameworks, which are more specific and location bound.

These frameworks are supported by an Integrated Land Use Management System. The diagram below reflects these linkages:

FIGURE 17: Relationship between Strategic Documents of the NMBM



Source: NMBM Metropolitan Spatial Development Framework, 2009

The Metropolitan Spatial Development Framework outlines the desired spatial development of the metropolitan area, as contemplated in Section 25(e) of the *Municipal Systems Act* (Act 32, 2000). It also highlights priority investment and development areas, and therefore serves as a guide to decision-makers and investors. It should be emphasised that the MSDF is an integral component of the IDP and translates this Plan into its spatial implications to provide broad, overall developmental guidelines. This tool must therefore not be used in isolation, but must support decision-making within the context of the IDP and the long-term vision and strategic plan.

The MSDF should furthermore not be interpreted as a blueprint aimed at managing physical development, but rather as a framework that provides guidance in respect of the location and nature of anticipated growth and future development in Nelson Mandela Bay. Desired patterns of land use are indicated, although room still exists for interpretation and further refinement. The interpretation and finer details appear in the Local Spatial Development Frameworks. The MSDF is development orientated, to allow for growth and changing circumstances and to promote investor confidence.

The MSDF is aligned with and does not conflict with other development strategies, locally, nationally, provincially and regionally.

The MSDF, which was approved by Council in April 2009, is aligned with and does not conflict with other development strategies, locally, nationally, provincially and regionally. It is however currently under revision in line with the SPLUMA SDF Guidelines so as to ensure that it would be SPLUMA compliant and furthermore to incorporate the most recent policy and strategic directives.

3.3.1.1 Spatial Development Framework proposals

Three focal points in the Metropolitan Spatial Development Framework are regarded as key in achieving restructuring, integration and sustainability.

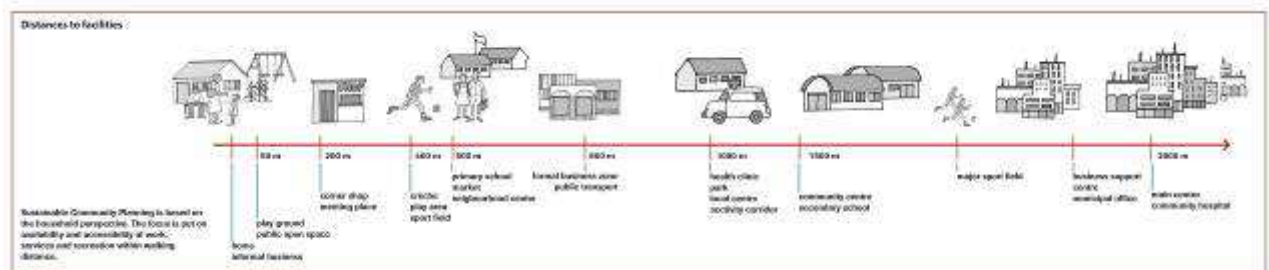
Sustainable Community Planning Methodology

The existing pattern of development in Nelson Mandela Bay is the result of segregation-based planning. The structuring not only separates different racial groupings in geographical terms, but has also resulted in great disparities in standards of living, as well as access to infrastructural services, employment, and cultural and recreational facilities. As these imbalances serve as constraints for redevelopment, they should be addressed and rectified.

Sustainable Community Units (SCUs) have been introduced to achieve a more balanced structure in Nelson Mandela Bay, in order to reduce discrepancies in terms of service provision and standards; promote integration in socio-economic and functional terms; and provide for economic activities and employment opportunities.

The urban area of Nelson Mandela Bay has been divided into a number of planning units or entities, known as Sustainable Community Units. These are defined by the distance that an average person can comfortably walk in half an hour, i.e. a 2 km radius. The planning methodology aims to provide the requirements for a minimum standard of planning and living within those areas; in other words, amenities, facilities and job opportunities must be within walking distance of all residents. All SCUs in Nelson Mandela Bay are to be linked by a public transport network, which will ensure that all areas are accessible to all communities by means of public transport, which is also required in terms of the Integrated Transport Plan.

FIGURE 18: Distance to Facilities



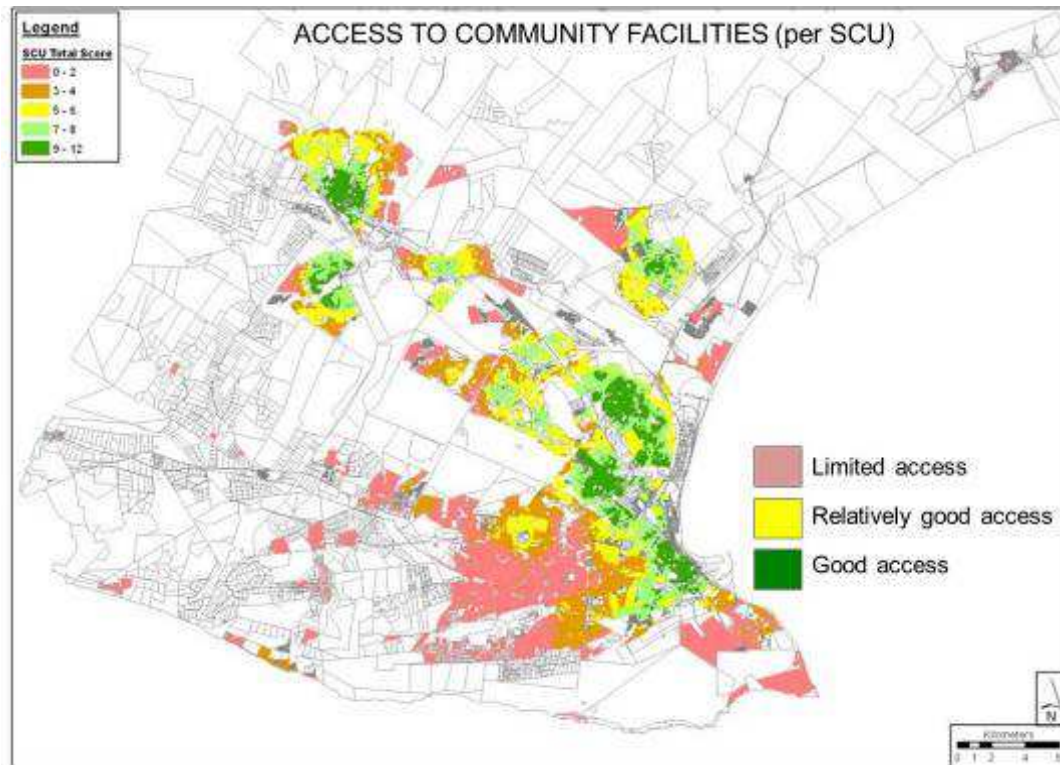
Source: NMBM Sustainable Community Planning Guide

Basic municipal facilities and services should be provided within walking distance of residential areas; higher order facilities can be located further away, as reflected in the analysis and maps below.

A GIS analysis of the provision of facilities and services in Nelson Mandela Bay was undertaken. It shows that poorer areas have the highest provision. The analysis does not refer to a qualitative analysis; it is only quantitative.

The following composite plan shows the spatial provision of facilities and services.

FIGURE 19: Access to Facilities



Source: NMBM CorpGIS, 2010

The planning methodology concept identifies the need to make higher levels of sustainability and integration in Nelson Mandela Bay the primary focus of SCU planning. The basis for sustainable community planning lies in the development principles adopted at national, provincial and local government levels, as supported by legislation and government policies.

The Municipality's sustainable community planning methodology, which is currently being implemented, covers both existing and future areas of development. A fundamental principle of this plan is to have work opportunities closer to places of residence in order to reduce the need to travel. This is to be achieved through the planning of new areas to accommodate more than just housing developments but also through a paradigm shift on the location of new settlements closer to rather than further

away from places of employment and social and public amenities. Peri-urban areas in which settlements exist, are also planned according to the sustainable community planning methodology, with a view to providing local job opportunities.

The development goals and principles of particular importance for spatial planning in SCUs are:

- (a) Poverty alleviation and the satisfaction of basic needs.
- (b) Focus on special needs groups (HIV and AIDS affected persons, children, the elderly, and persons with disabilities).
- (c) Gender equality and equity.
- (d) The environment (physical, socio-economic).
- (e) Participation and democratic processes.
- (f) Local economic development.
- (g) Accessibility (public transport and pedestrian focus).
- (h) Mixed-use development.
- (i) Corridor development.
- (j) Safety and security.
- (k) Variation and flexibility.
- (l) Appropriate densification.
- (m) Reducing urban sprawl.

To achieve both sustainability and integration, six functional elements need attention in relation to the above principles.

These six functional elements are:

- (a) Housing
- (b) Work
- (c) Services
- (d) Transport
- (e) Community
- (f) Character and identity

Focusing on these six elements, minimum standards are pursued to achieve an acceptable planning quality that will result in an improved quality of life for residents in these areas (for more detail on the planning methodology outlined above, refer to the *Sustainable Community Planning Guide*, dated June 2007; also available on the municipal website: www.nelsonmandelabay.gov.za).

Corridors and accessibility

In restructuring Nelson Mandela Bay, the development of corridors along major routes that have the potential for integrated mixed land use development, supported by improved public transport services (e.g. the Khulani Corridor), is also envisaged. A Comprehensive Integrated Transport Plan (CITP) has been developed as a key component of the MSDF. This is currently under review.

As the primary goal of the CITP is to improve accessibility for all residents of Nelson Mandela Bay, it has a strong focus on public transport provision.

Visible implementation projects are the introduction of the Integrated Public Transport System, as well as pedestrian and cycle-paths along major roads.

Economic development and growth

This crucial component of the Spatial Development Framework seeks to generate means to support and enhance urban development. Various interventions may be utilised to support economic growth and development, based on a number of considerations, such as:

- (a) the importance of linking the residents of Nelson Mandela Bay to opportunities;
- (b) directing investments to places where they will have the greatest effect;

- (c) protecting and enhancing natural and cultural resources for sustainability and enriching the experience of Nelson Mandela Bay; and
- (d) weaving the growth of Nelson Mandela Bay strongly into the economic fabric of the Eastern Cape Province.

3.3.2 Implementation and prioritisation

The MSDF provides strategic guidance in respect of areas on which the Municipality should focus the allocation of its resources. In order to assist in prioritising projects and allocating resources, four main elements of the MSDF were isolated as geographic entities that could give guidance as to where the priority capital investment areas lie. These areas are:

- (a) Core economic areas
- (b) Infill priority areas
- (c) Strategic development areas
- (d) Service upgrading priority areas

The MSDF is also supported by a number of sectoral plans and topic-specific planning documents, including the following, as discussed earlier:

- (a) Strategic environmental assessment
- (b) Urban edge/Rural management and urban densification policies
- (c) Demographic study update
- (d) Land Use Management System
- (e) The Human Settlements Implementation Plan

3.3.3 Incorporating sectoral plans

The various sectoral plans incorporated into the MSDF are identified in this section. These sectoral plans, which have major spatial implications for the MSDF, are as follows:

- (a) Coastal Management Plan
- (b) Coastal Development Line (Hazard Line) Study
- (c) Disaster Management Plan
- (d) Environmental Policy
- (e) Infrastructure Development Plan
- (f) Integrated Transport Plan
- (g) Integrated Waste Management Plan
- (h) Local Economic Development Strategy
- (i) Metropolitan Open Space System
- (j) Public Transport Plan
- (k) Tourism Master Plan
- (l) Integrated HIV and AIDS Plan
- (m) Water Master Plan
- (n) Sewerage Master Plan
- (o) Human Settlements Plan
- (p) Land Use Management System

In addition to this, with the preparation of the more detailed Local Spatial Development Frameworks and their approval, the MSDF becomes more detailed.

3.3.4 Current status of MSDF

The MSDF is continually being refined through ongoing information gathering and studies. The legislation prescribes that the MSDF should be annually

reviewed, with Council approval required every five years. The MSDF is being reviewed and will be approved by Council in 2015.

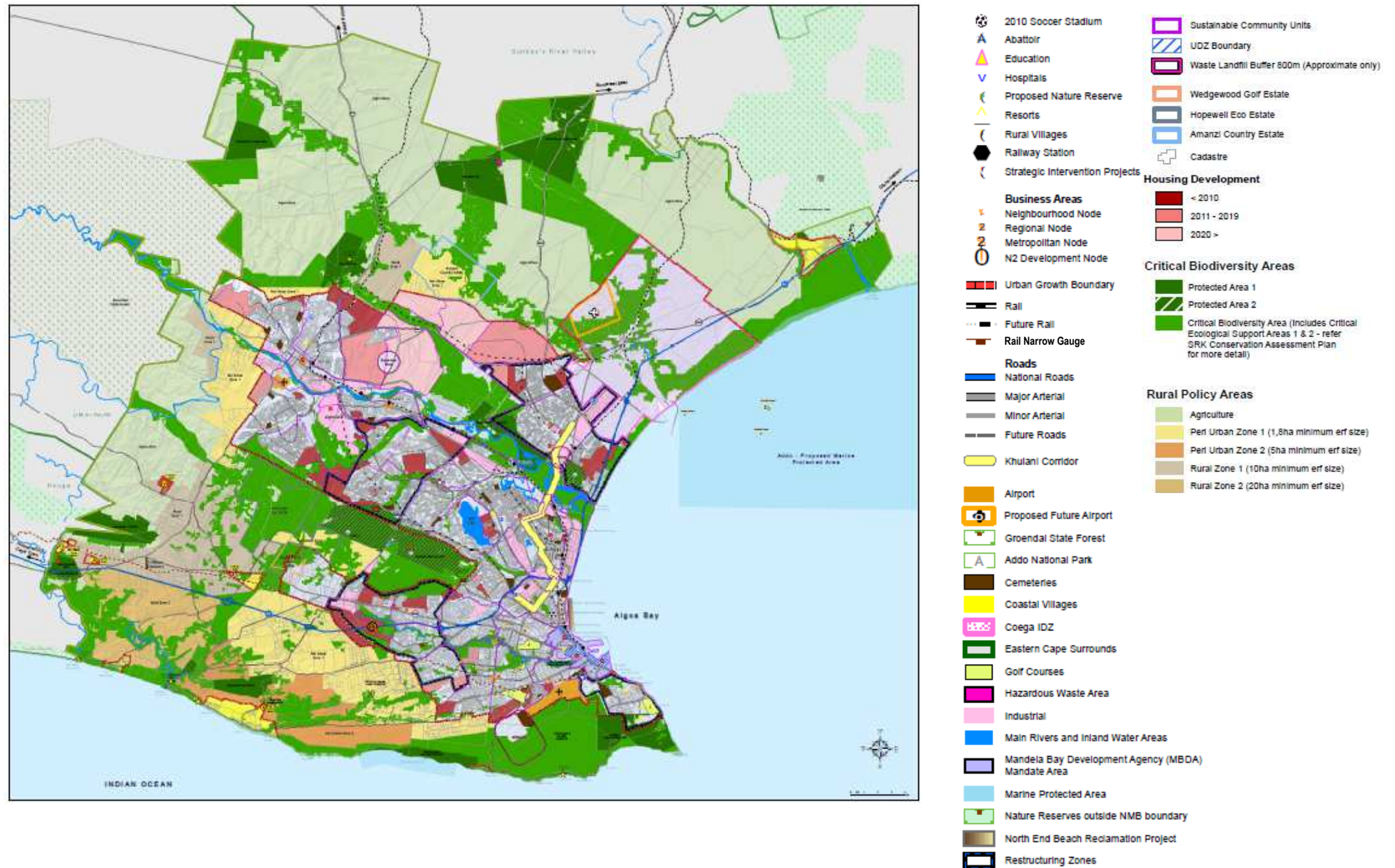
As part of the Capacity Support Implementation Plan, the Spatial Development Framework and Built Environment Strategy will be reviewed in the 2015/16 financial year which is when the SDF is due to be approved by Council.

The refinement of the MSDF happens through the preparation of LSDFs and policy and plan adjustments over time.

The Spatial Development Framework of the Municipality is reflected in the plan below. The plan specifically shows the following aspects, which are dealt with in more detail in the Spatial Development Framework Report:

- Urban growth areas, phased over time
- Urban edge, beyond which development is limited
- Major development nodes
- Major transport routes, including corridors for investment and development
- Environmentally protected areas
- The low-income housing programme

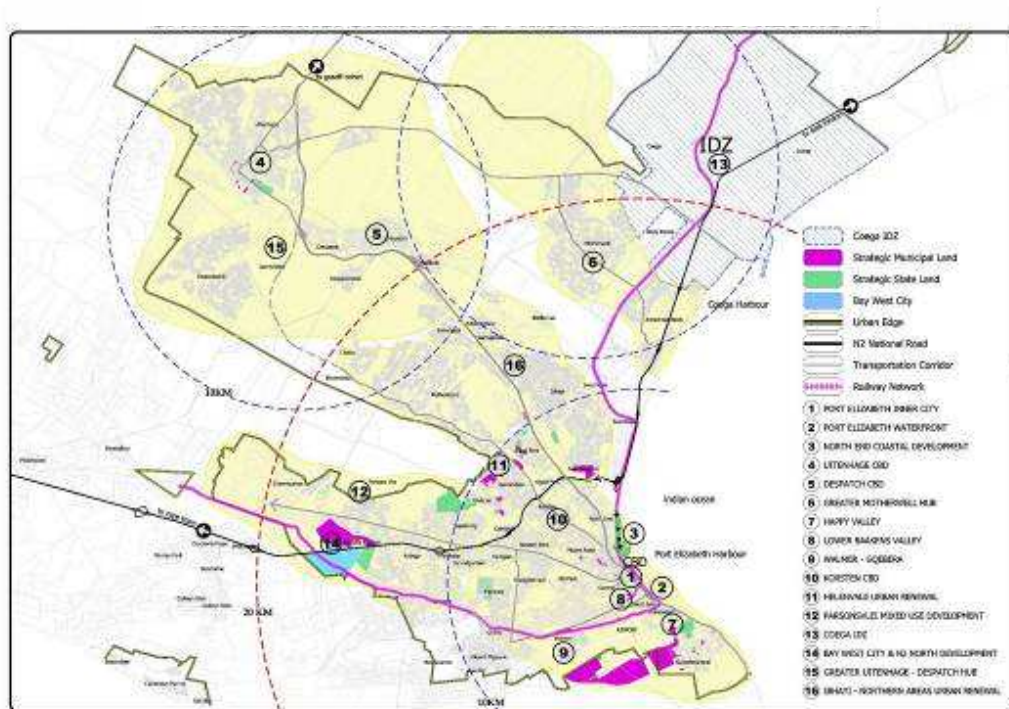
FIGURE 20: Metropolitan Spatial Development Framework



The MSDF is also supported by:

- **The Human Settlement Framework Plan 2030:** The HSP has prioritised four main restructuring hubs focused around the PE CBD, Uitenhage CBD, Coega IDZ/Motherwell Hub and Bay West/N2/Parsonslei Hubs. This plan, which was approved by Council in December 2012, starts to talk to spatial restructuring in these urban hubs. These areas are shown in the figure below.

FIGURE 21: Spatial Transformation and Priority Renewal Precincts



Source: NMBM Human Settlements Implementation Plan

3.3.5 Integrated Development Matrix

The Integrated Development Matrix has been developed as part of the Sustainable Community Planning Methodology to provide a framework for the implementation of the coordinated planning of the different activities of the Municipality, to ensure the creation of integrated and quality human settlements. The Integrated Development Matrix defines and facilitates cooperation and coordination between the municipal directorates themselves, as well as external actors in the planning and implementation processes, such as parastatals, banks, CBOs, NGOs and provincial and national government. It also defines roles that will allow citizens and businesses in the city to live and operate more sustainably.

FIGURE 22: Integrated Development Matrix Framework

INTEGRATED DEVELOPMENT MATRIX				
LEVEL / ACTIONS		STAKEHOLDERS <i>Local, Provincial, National Government Dept's; Private Sector, NGO's; CBO's, Banks, Private household, citizens groups etc.</i>		
PLAN	Integrated Development Plan			
	Spatial Development Framework			
	Sustainable Community Planning			
	Detailed Layout Planning			
BUILD	Decision to phase development			
	Surveying			
	Engineering Services			
	House design/ construction			
	Develop public areas/ facilities			
LIVE	Role of city dwellers- recycle, walk vs car, solar power etc. Role of business and commerce Schools and institutions- daily operations			

**Responsibility of each stakeholder
in respect of each level of
the planning framework**

Source: NMBM SCU Planning Guide, 2007

3.4 AREA-BASED MANAGEMENT INITIATIVES

There are five area-based management initiatives. These are:

- Mandela Bay Development Agency (MBDA)
- Uitenhage-Despatch Development Initiative (UDDI)
- Motherwell Urban Renewal Programme (MURP)
- Helenvale Urban Renewal Programme (HURP)
- Coega Development Corporation (CDC)

3.4.1 Mandela Bay Development Agency (MBDA)

The Mandela Bay Development Agency (MBDA), established in 2003 by the Nelson Mandela Bay Municipality (NMBM) with the support of the Industrial Development Corporation (IDC), implements urban regeneration in Nelson Mandela Bay's inner city. The aim is to promote economic and tourism development against the backdrop of urban renewal. The MBDA is a Municipal Entity. The MBDA's mandate also extends to the Uitenhage Inner-city and other development and township areas.

The philosophy of the MBDA which applies to their projects is to create well researched, community participated, catalytic infrastructure projects and services through public sector investment to attract private sector investment. In this way, a more diverse economy including tourism and real estate is created.

A study conducted for the Municipality in the Central Business District has confirmed that investments by the entity have resulted in significant property value increases, increased business turnover, business expansion and upgrades and consequent increased rates.

The following projects are now ready for implementation or are being implemented:

- Tramways Building redevelopment (under implementation)
- Happy Valley Precinct development/ Telkom Park / EPRU Stadium redevelopment
- 2010 Stadium Precinct development
- Mermaids Precinct mixed-use development
- Baakens Valley Precinct development

Of the above, the Mermaids Precinct, Baakens Valley and Happy Valley Precincts form part of the suite of catalytic projects of the Municipality.

3.4.2 Uitenhage-Despatch Development Initiative (UDDI)

The UDDI was established in 2000 as an initiative between the private sector (Volkswagen), and NMBM to focus on development in the Uitenhage and Despatch area. The UDDI, as a facilitation body for the promotion of sustainable development in Nelson Mandela Bay, with the main focus on Uitenhage and Despatch, is an implementer for some of the Metro's programmes in the Uitenhage/Despatch area.

The UDDI's goal is to stimulate special and economic sector development in the sub-region to regenerate the ailing economies of this region of Nelson Mandela Bay.

The UDDI has three strategic focus areas, aligned to the IDP of the Nelson Mandela Bay Municipality. These three areas are:

- Town improvement
- Enterprise development
- Spatial economic linkages between Uitenhage and Despatch

The initiatives under the three focus areas have been set in line with the UDDI's three-year strategic plan, with a strong bias towards job creation, skills development,

education improvement, SMME sector development and the general socio-economic improvement of the Uitenhage and Despatch communities.

3.4.3 Motherwell Urban Renewal Programme (MURP)

Motherwell is one of eight pilot areas targeted by the Presidential programme for Urban Renewal. The main objectives of this programme are to eradicate crime, poverty and joblessness in the targeted areas.

Motherwell was established in 1982 to accommodate people from informal and illegal dwellings built on the flood plains in Soweto-on-Sea, and to cater for the influx of people into the urban area.

Motherwell was primarily developed as a residential area and the necessary infrastructure for recreational facilities, basic amenities and job creation did not keep pace with the growth of the area.

MURP facilitated a number of projects including Hawkers Trading Facilities, Car Washes, a hydroponics project, a Business Development Service Centre, Cleaning and Greening project, a peace park and the NU 2 Stadium.

3.4.4 Helenvale Urban Renewal Programme (HURP)

Helenvale, as an area urgently in need of upgrading, led to the establishment of the Helenvale Urban Renewal Programme, based on the Motherwell Urban Renewal Programme. This Programme has also adopted a multi-faceted approach to the upgrading of amenities and services in Helenvale and to fostering employment and community participation. The MBDA is assisting with development implementation.

3.4.5 Coega Development Corporation

The Coega Development Corporation (Pty) Ltd (“CDC”) was established in 1999 to develop and operate the Coega Industrial Development Zone (“IDZ”).

The IDZ is intended to be the major employment generator of the metro and region. As such the relationship and cooperation between NMBM and the CDC is very important.

The NMBM and the CDC have an agreement in place that outlines this developmental relationship. To date, the CDC has funded all projects specifically related to internal services and major road linkages.

Water and sanitation for the CDC and NMBM have been identified as areas of concern by the NMBM. Consequently, a plan was developed to identify the gap. Failure to address the gap will mean that the IDZ will not be able to develop further. It will cost approximately R4,3 billion to provide bulk water and sewer infrastructure. The breakdown is reflected below.

TABLE 23: Coega Development: Project Costs for Bulk Water and Sewer Infrastructure

Financial Year	Potable water	Industrial water	WWTW	Total	Esc. 10 % per year	Total
2012/2013	4,000,000	1,500,000	1,000,000	6,500,000	0	6,500,000
2013/2014	60,000,000	12,000,000	9,000,000	81,000,000	8,100,000	89,100,000
2014/2015	210,000,000	120,000,000	70,000,000	400,000,000	84,000,000	484,000,000
2015/2016	186,000,000	440,000,000	286,000,000	912,000,000	301,870,000	1,213,870,000
2016/2017	20,000,000	580,000,000	320,000,000	920,000,000	426,970,000	1,346,970,000
2017/2018	0	385,000,000	180,000,000	565,000,000	344,940,000	909,940,000
2018/2019	0	59,000,000	30,000,000	89,000,000	68,670,000	157,670,000
Total	480,000,000	1,597,500,000	896,000,000	2,973,500,000	1,234,550,000	4,208,050,000

Source: NMBM Infrastructure & Engineering: Water & Sanitation, 2009

To date, the NMBM has commenced with planning the following projects, which are critically required for the development of the Coega IDZ:

(i) Nooitgedacht Low Level Scheme (NLLS):

Contracts for the commencement of Phase 2 of the Scheme have been awarded and work is scheduled for completion by March 2017. Funding remains a constraint to commence with Phase 3 to complete the project.

(ii) Coega Waste Water Treatment Works and Sea Outfall:

Preliminary planning has commenced, but designs cannot proceed, because of funding constraints, given the size of the project.

(iii) Coega Return Effluent Scheme:

Due to the scale (finance) of the projects, the NMBM is unable to commence with detailed design. The NMBM has commenced with preliminary planning and as such an ROD has been issued for the system. With the cooperation of the Coega Development Corporation (CDC), detailed design has commenced and the Return Effluent Reservoir with the outlet pipe work at the Coega Kop site is being constructed with funding from the CDC.

The South African IDZ programme was first introduced a decade ago. The driver for the IDZ programme is the creation of industrial facilities for manufacturing and re-export, along with other objectives such as job creation and technology transfer.

More recently, Special Economic Zone (SEZ) legislation (2014) has been promulgated, with IDZ's being a type of SEZ. The primary goal of the SEZ's has become job creation with an emphasis on attracting local investments and ensuring the availability of incentives for both local and foreign investment.

As a result, the funding of IDZ's has been changed and direct funding (budget line) that was previously used has been replaced by a multi-channel proposal focused on the creation of new sources of funding and the introduction of tighter restrictions on the use of government funding. Another addition is the introduction of private sector funding and

the refocusing of development finance institutions such as the Development Bank of South Africa (DBSA) to open credit (project by project) for SEZs. With the promulgation of the SEZ Act, SEZs are required to obtain funding for operational activities from shareholders.

The legislative and operational context of the Coega IDZ has thus been improved through the development of new financing mechanisms intended to expedite the process of securing additional investments for the Coega IDZ and the Nelson Mandela Metropolitan Municipality (NMBM).

The 2013/14 Financial Year was the final year of the current approved 5 year rolling strategy which commenced in the 2008/09 Financial Year. The implementation of that strategy resulted in a major shift in the CDC's core IDZ business; the CDC became a catalyst for socio-economic development throughout the Eastern Cape Province and beyond. The CDC had already been assisting the ECPG with the roll-out of projects and infrastructure for some years but this major shift in strategy was necessitated by the continued substantial reductions in grant funding from the Department of Trade and Industry (DTI).

The change in funding strategy required the CDC to aggressively develop the External Services business and undertake Province wide Infrastructure Implementation Programmes. The need to generate income to supplement the declining grant funding from the public fiscus became an imperative. The expanded External Services business has been driven by the creation of external Services' businesses and programmes which have been the main drivers in the generation of a consistent increase in revenue collection over the past five years, contributing 64% of the total CDC self-generated revenue. On average, this self-generated revenue has grown at a rate of 36% year-on-year over the past four years.

The table below shows some of the IDZ related Initiatives that are meant to re-orient the business model of the CDC.

TABLE 24: IDZ Initiatives

Name	Description
Coega/Ngqura Manganese Ore Export Terminal	The terminal comprises an exchange yard in Zone 11, a dual track to the stockpile area and a conveyor corridor to the export berths on the finger jetty of the Port of Ngqura.
Rail Upgrade (Coega To Sishen)	Has the same initial capacity as for the terminal and needs to be aligned with the terminal capacity and the provision of new locomotives and rolling stock by Transnet Freight Rail.
CCGT Powerstation and LNG Terminal	The CCGT Power Station and associated Liquid Natural Gas Supply.
Nuclear Fuel Cycle	Intended to benefit the country mineral resources and be fully dependent on the nuclear new build programme.
Bulk Liquid Tank Farm	A site has been allocated and the infrastructure and municipal services required to make the east bank of the Port of Ngqura operational are being provided by the CDC.
Project Mthombo	There is a business case for Project Mthombo and a more detailed review leading up to the decision to proceed with Front End Engineering and Design is being carried out. The detailed review is being completed during the course of 2015/16. The local stakeholder Interest Group comprising NMBM, NMMU, ECPG, CDC, NMBBC and organised labour continues to motivate for the project.

Name	Description
Nooitgedacht Low level Scheme	This potable water augmentation scheme for the NMBM is critical to the CDC for continuing to attract prospective investors.
Fishwater Flats Waste Water Treatment Works (FWF WWTW)	FWF WWTW is the main treatment plant for the NMBM and the Coega IDZ. Currently, the plant is overloaded and operationally out dated.
Coega WWTW	Project Mthombo and other projects, including the expansion of the Port of Ngqura onto the east bank of the Coega River together with additional sources of domestic effluent will necessitate the development of the planned Coega WWTW in Zone 9 of the IDZ. Studies to support the establishment of the Coega WWTW will continue during 2015/16.
Return Effluent Scheme	Return Effluent is a key enabler for the future of the Coega IDZ and NMBM. In a water scarce area, recycling of effluent to provide industrial process water is an essential requirement.
Nuclear Power	The CDC, NMBM and Province have supported the nuclear new build programme from its inception and the CDC has given significant support to the EIA and other processes associated with Nuclear 1 at Thyspunt.
Maritime Opportunity	The CDC has identified the Maritime Industry as a business opportunity that is untapped and thus has a potential as a reliable revenue generation opportunity.

The investment pipeline of the IDZ is focused on distinct sectors as identified within the NMBM approved Development Framework Plan for the Coega IDZ (2006).

Maritime and Port related logistics is a key focus area for the Coega IDZ. The development of Zone 1 will continue with the provision of services to the Port laydown area and sites to investors locating in the area.

Within the automotive cluster of Zone 2, the CDC is committed to the establishment and growth of a Multi Original Equipment Manufacturers Complex (Multi OEM) which will include a supplier park, e-coating plant, paint shop and vehicle distribution center. The associated operation of the automotive focused Nelson Mandela Bay Logistics Park in Uitenhage will continue.

Zone 3 will continue to be developed for general industry, significantly strengthened by the availability of industrial gases from investments made by Afrox and Air Products. The zone is home to a fast growing agro processing cluster.

The training cluster in Zone 4 will be the subject of further development, including the provision of opportunities relating to business process outsourcing, driver training and learnerships in the built environment.

Zone 5 is serviced and available for the establishment of metallurgical related investments. Master Planning for the area east of the Coega River has been completed and has focused on ensuring a planning framework with sufficient flexibility to accommodate a range of development scenarios geared to stimulate agglomerative economies.

The bulk of zones 6 and 11 is allocated to the Project Mthombo oil refinery and the establishment of a compilation yard to service the Coega Manganese terminal to be established in Zone 9.

Efforts to develop an Aquaculture cluster in Zone 10 will continue together with the alignment of the Coega Open Space Management Plan with the NMBM Bioregional Plan. The process of establishing a chemicals cluster within Zone 7 of the IDZ will continue.

Zones 12 and 14 are positioned to address the development of advanced manufacturing and an aeronautical cluster in keeping with the SDF framework for the City and the priorities and opportunities identified within the Coega East Masterplan.

The Table below identifies the budget for 2015/16 to service the development opportunities listed above.

Table 25: IDZ Budget 2015/16

Name	Details of Project/ Programme	Overall Budget Provision per project/programme (R million)	Area (Ward number/suburb/ township in which project/ programme will be implemented)
COEGA IDZ (2015 /16 Horizon)	IDZ Water Supply: Return Effluent Scheme	50	Coega IDZ
	IDZ Water Supply: Potable Water - Nooitgedacht	5	Coega IDZ
	Closed Cycle Gas Turbine (CCGT)	1	Coega IDZ
	Zone 1: Common Infrastructure, Fire Services, Laydown area	136	Coega IDZ
	Zone 2: Common Infrastructure, Multi tenant OEM, Automotive Supply Park	261	Coega IDZ
	Zone 3: Common Infrastructure, Water Ring supply	199	Coega IDZ
	Zone 4: Common infrastructure	110	Coega IDZ
	Zone 5: Common infrastructure, railway siding, return effluent	242	Coega IDZ

Name	Details of Project/ Programme	Overall Budget Provision per project/programme (R million)	Area (Ward number/suburb/ township in which project/ programme will be implemented)
	Zone 6: Common infrastructure, bulk water supply and infill design	141	Coega IDZ
	Zone 11 and 13: Bulk electricity, bulk water, return effluent, stormwater and MR435 and Ring Road extensions	251	Coega IDZ
	Zone 7 and 10: Common infrastructure, industrial master planning, bulk electrical infrastructure, power station project infrastructure	121	Coega IDZ
	General common infrastructure for all zones	145	Coega IDZ
	Nelson Mandela Bay Logistics Park	121	Nelson Mandela Bay Logistics Park

3.5 COORDINATION AND ALIGNMENT WITH SIPS

There are three Presidential Infrastructure Coordinating Commission (PICC) programmes that affect the NMBM. The PICC is made up of 18 programmes, generally called SIP (Strategic Integrated Projects).

The following SIPs apply in NMBM:

- SIP 3: South Eastern Node and Corridor Development
Focused on the creation of infrastructure for economic purposes.
- SIP 7: Integrated Urban Space and Public Transport Programme
Focused on the creation of infrastructure for the development of urban spaces.
- SIP 18: Water & Sanitation
Focused on the creation of water and sanitation infrastructure, as much of the listed projects are common in all the SIPs.

The PICC has now clearly indicated that the Commission provides a coordinating function for all the projects identified at local level and does not provide any finances for the implementation of the projects.

TABLE 26: Current SIP Projects in Nelson Mandela Bay

Project Name and Scope	Project status	Project budget	
<p>Coega IDZ & Port of Ngqura: Water & Sanitation Services</p> <p><i>Construction of a water treatment works, waste Water treatment works, pump stations, reservoirs and pipelines.</i></p>	<p>1. Nooitgedacht: 98% of pipelines complete. Transfer pump station and break pressure reservoir: 90% complete. Phase 2 tenders are scheduled for completion in February 2017.</p> <p>2. Wastewater Treatment Works: Preliminary design and EIA commenced.</p> <p>3. Recycled effluent schemes in preliminary design stage. ROD received for RE scheme. Reclaimed reservoir is being constructed. Business plan being prepared with the Coega IDZ for funding.</p>	<p>Bulk Water:</p> <p>Wastewater Treatment:</p> <p>Recycled water for Industrial Use:</p> <p>TOTAL:</p>	<p>R351M</p> <p>R900M</p> <p>R600M</p> <p>R1851M</p>
<p>Integrated Human Settlements& Bucket Eradication</p> <p><i>Construction of bulk services, reticulation services and top structures to relocated household from stressful informal settlements and meeting the</i></p>	<p>Business Plan for funding completed. NMBM Council approved a short, medium and long term approach to bucket eradication. House building contractors are constructing houses where subsidies are available and slabs &</p>	<p>Houses:</p> <p>Internal water and sanitation services:</p> <p>Bulk water and sanitation services:</p> <p>Roads and stormwater:</p>	<p>R2357M</p> <p>R696.9M</p> <p>R1340.5M</p> <p>R888.4M</p> <p>R5282.8M</p>

Project Name and Scope	Project status	Project budget	
<i>national target for the eradication of informal settlements</i>	toilets (medium term approach) on serviced site where no subsidies are available yet.	TOTAL:	
Waste Water Treatment & Environment <i>Upgrading of all waste Water treatment works to support the eradication of buckets by providing waterborne sanitation. Improvement of river water quality</i>	1. Phase 1 update of Fishwater Flats WWTW commenced on inlet structures. 2. Only limited budget is available for the upgrade of all the WWTWs. 3. ROD for Cape Recife WWTW being queried by DEDEAT		R484M
Improving road access to KwaZakhele Township <i>Upgrading of John Tallant Road, construction of a link road to KwaZakhele Township and rehabilitation of Grahamstown Road.</i>	Project completed in September 2014		R61M
BRT / IPTS <i>Provision of efficient, safe, affordable, sustainable and accessible multi-modal public transport system that supports social and economic development to ensure optimal</i>	IPTS review currently under way		R2500M

Project Name and Scope	Project status	Project budget	
<i>mobility and improved quality of life for the residents and users of the transport system in the Metropolitan area</i>			

The implementation of projects for social purposes is being carried out; however, those identified for strategic economic development, with a huge impact on poverty alleviation and job creation, such as Coega, are not being funded.

The funding of strategic projects listed under the SIP must be reviewed to ensure the sustainability of infrastructure to support all the sectors.

The projects identified under the three applicable SIPs for the NMBM are all part of current and future budget cycles; therefore, these are all spatially depicted as part of the Metropolitan Spatial Development Framework.

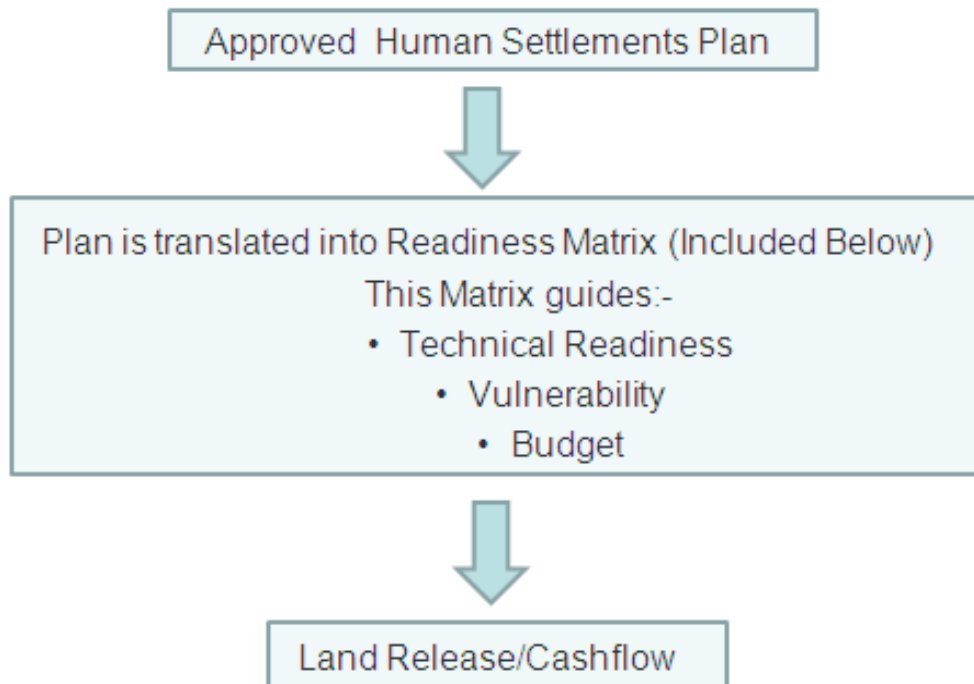
The following diagram prepared by the Coega Development Corporation attempts to identify most of the strategic projects in NMBM and to align them with SIPS initiatives beyond the main SIPS applicable to NMBM.

The NMBM is in the fortunate situation of owning large areas of land. Land is released for the Housing Programme sequentially in terms of the MSDP to minimise expenditure on bulk infrastructure and according to statutory approvals required for township development.

The entire Housing Programme is included in the municipal Human Settlements Plan.

The development process is shown in the figure below.

FIGURE 24: Development process



3.7 IDENTIFICATION OF URBAN NETWORK, INTEGRATION ZONES AND HUBS

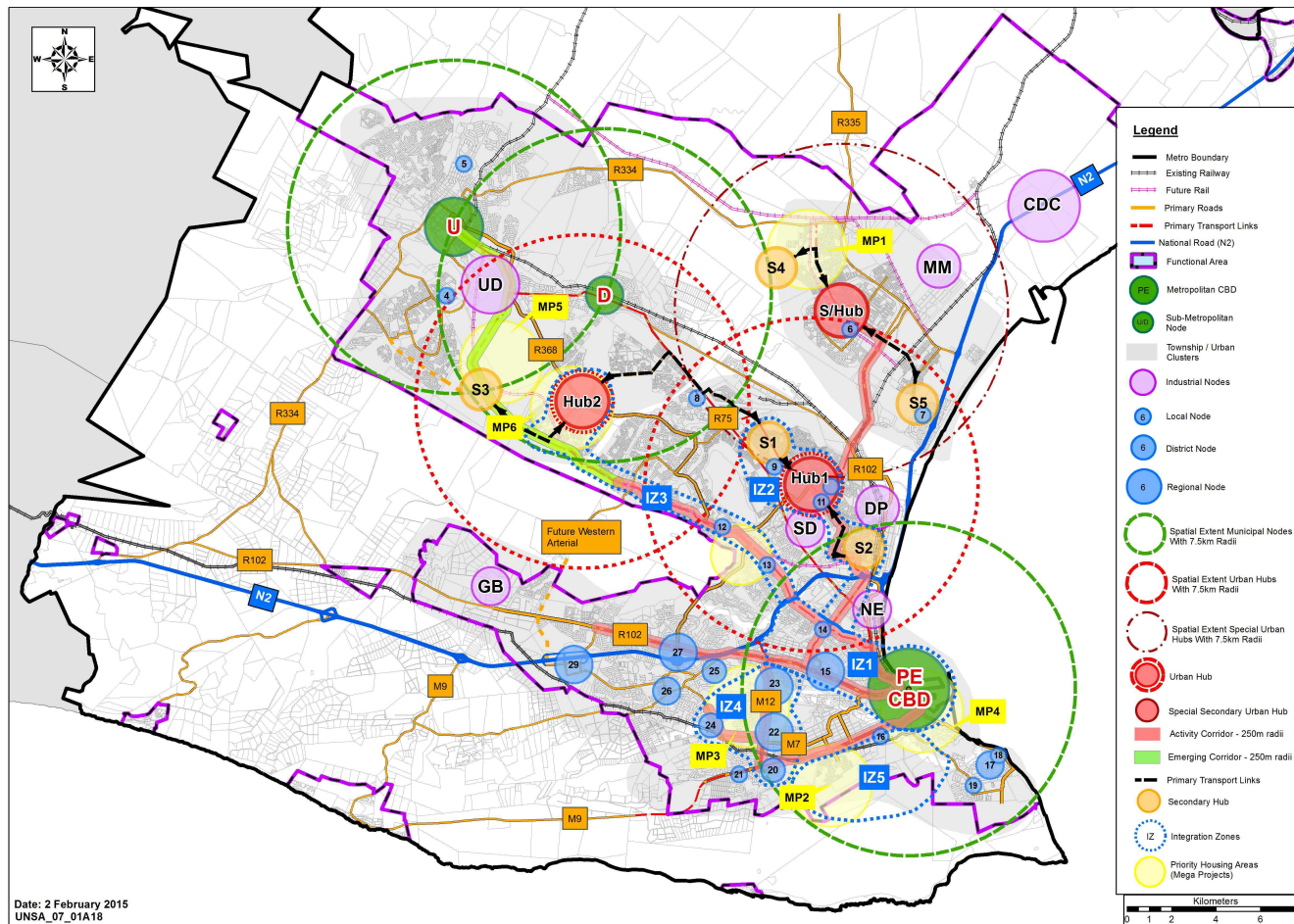
3.7.1 Identification, description, prioritisation and phasing of integration zone(s) in the Municipality, including their geographical boundaries, taking the rationale for their identification and prioritisation from the Metro's Urban Network element identification process and the Urban Networks Strategy (with its associated spatial, economic and developmental objectives).

URBAN NETWORK STRATEGY/FRAMEWORK

A first draft of an Urban Network Strategy (UNS) Framework was approved by the Council as part of the 2014/15 BEPP submission. This framework was also accepted by the NDP-Unit at National Treasury. This framework is refined in this BEPP.

The key elements of the Urban Network Framework are illustrated below and are explained in more detail in the following text.

FIGURE 25: Urban Network Strategy Framework



Source: NMBM, 2014

TOWNSHIP CLUSTERS

For the purposes of logical analysis the townships of Nelson Mandela Bay have been clustered into six township clusters. These are as follows:

Uitenhage, Despatch, KwaNobuhle and Bloemendal Cluster:

This Cluster is comprised of wards 41; 42; 43; 44; 46; 47; 48; 49; 50; 51 and 52; as well as the two peri-urban wards, i.e.: 45 and 53. The key demographic features of the cluster are as follows:

- Total population estimated at 305 458 persons (StatsSA, 2011) representing 84 995 households;
- Average population density: 34,7 persons and or 8.9 households per hectare
- Approximately 83,2% of households are living in formal dwellings; 10.4% in informal dwellings; and 6.4% in backyard accommodation (formal and informal);
- The employment rate is estimated to be 31% and approximately 66% of the population earn less than R3183 per month;

Motherwell-Wells Estate Cluster:

This cluster is comprised of wards 54: 55: 57; 59; 59; 60 and ward 56 which is a peri-urban ward. It includes Motherwell, Swartkops, Amsterdamhoek and Bluewater Bay and has the following key demographic features:

- Total estimated (StatsSA, 2011) population of 165 457 representing 46522 households;

- Average population density: 52.89 persons and or 14.57 households per hectare;
- Approximately 93,9% of households are living in formal dwellings; 2.9% in informal dwellings; and 3.2% in backyard accommodation (formal and informal);
- The employment rate is estimated to be 30% and approximately 71% of the population earn less than R3183 per month.

Ibhayi-Bethelsdorp Cluster:

The cluster is comprised of the areas of Ibhayi, KwaDwesi, KwaMagxaki, Joe Slovo, Govan Mbeki, New Brighton, Soweto-on-Sea, Veeplaas, Zwide, Helenvale and Algoa Park represented by wards: 10; 13; 14; 15; 16; 17; 18; 19; 20; 21; 22; 24; 25; 26; 27; 28; 29; 30; 31; 32; 33; 34; 35; 36; 37 and 38; and with the following key demographic features:

- Total estimated (StatsSA, 2011) population: 425 847 representing 107 177 households;
- Average population density: 78.70 persons and 20.16 households per hectare;
- Approximately 81.9% of households are living in formal dwellings; 12.8% in informal dwellings; and 5.3% in backyard accommodation (formal and informal);
- The employment rate is estimated to be 30% and approximately 68% of the population earn less than R3183 per month;

CBD Cluster:

This cluster is comprised of the inner-city areas of Central, North End, Korsten, Newton Park and Mill Park represented by wards 5; 7 and 11. The key demographic features of this cluster area, are as follows:

- Total estimated (StatsSA, 2011) population: 52 538 representing 16 251 households;
- Average population density: 18.78 persons and 5.71 households per hectare;
- Approximately 94.7% of households are living in formal dwellings; 0.7% in informal dwellings; and 4.6% in backyard accommodation (formal and informal);
- The employment rate is estimated to be 50% and approximately 38% of the population earn less than R3183 per month.

Southern Areas Cluster:

Comprising of Summerstrand, South End, Humerail, Walmer, Fairview, Theescombe and Schoenmakerskop, including wards 1: 2; 3; 4; and 6. The key demographic features of this cluster are as follows:

- Total estimated (StatsSA, 2011) population: 95 172 representing 33 438 households;
- Average population density: 10.93 persons and 3.91 households per hectare;
- Approximately 86.2% of households are living in formal dwellings; 7.9% in informal dwellings; and 5.9% in backyard accommodation (formal and informal);

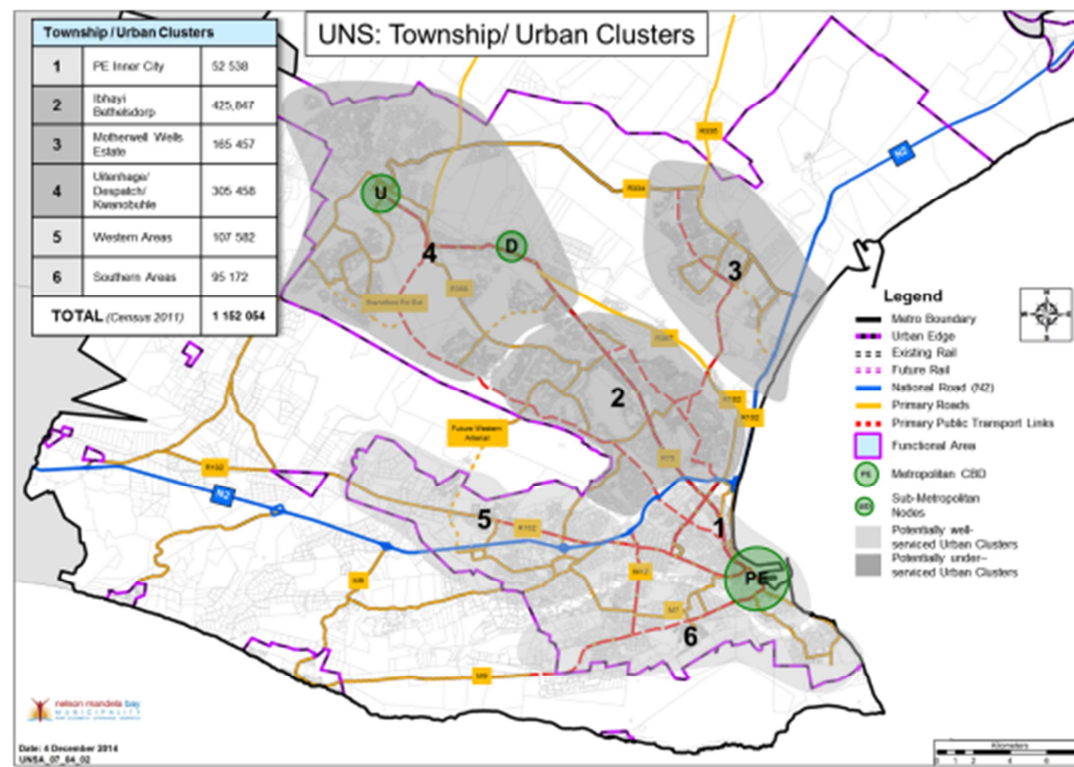
- The employment rate is estimated to be 54% and approximately 37% of the population earn less than R3183 per month.

N2 – Western Areas Cluster:

This cluster is comprised of the areas of Fernglen, Sunridge, Westering, Malabar, Parsonsvei, Kabega, Framesby and Kuyga. It includes wards 8; 9; 12; 39 and the peri-urban ward 40. The key demographic features of this cluster are as follows:

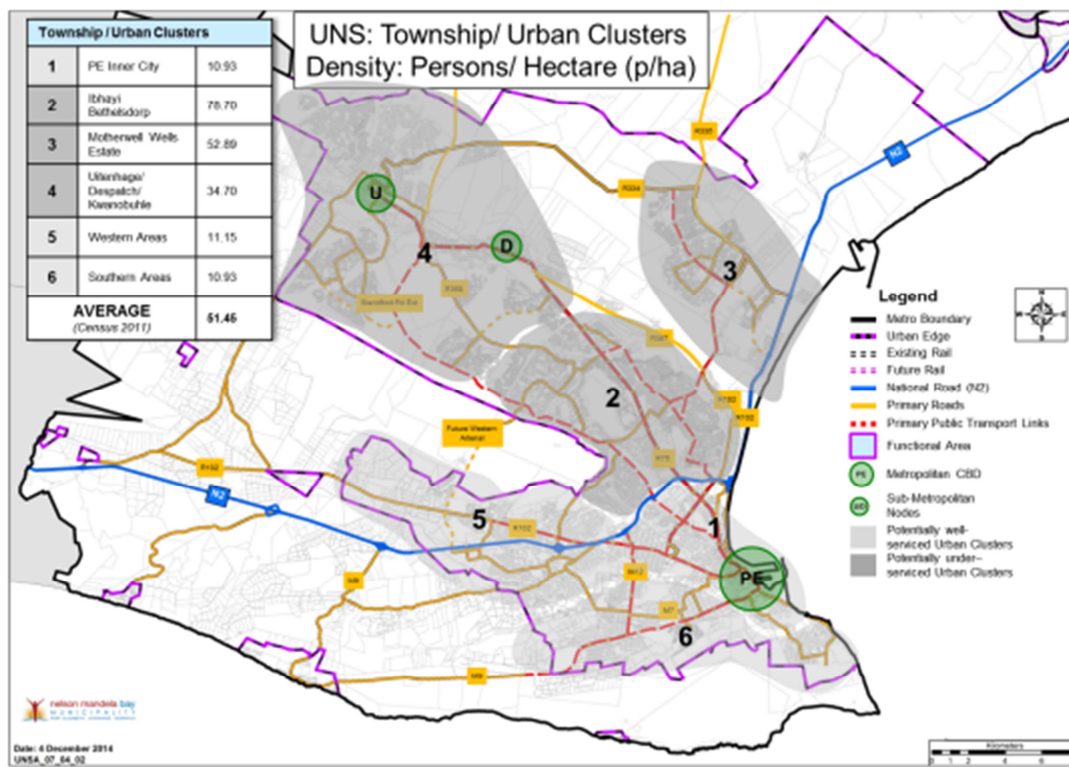
- Total estimated (StatsSA, 2011) population: 107 582 representing 32 185 households;
- Average population density: 11.15 persons and 2.99 households per hectare;
- Approximately 9.16% of households are living in formal dwellings; 4.9% in informal dwellings; and 3.5% in backyard accommodation (formal and informal);
- The employment rate is estimated to be 61% and approximately 28% of the population earn less than R3183 per month.

The identification of the clusters assisted the analysis necessary for the development of the Urban Network Strategy. These are shown below.

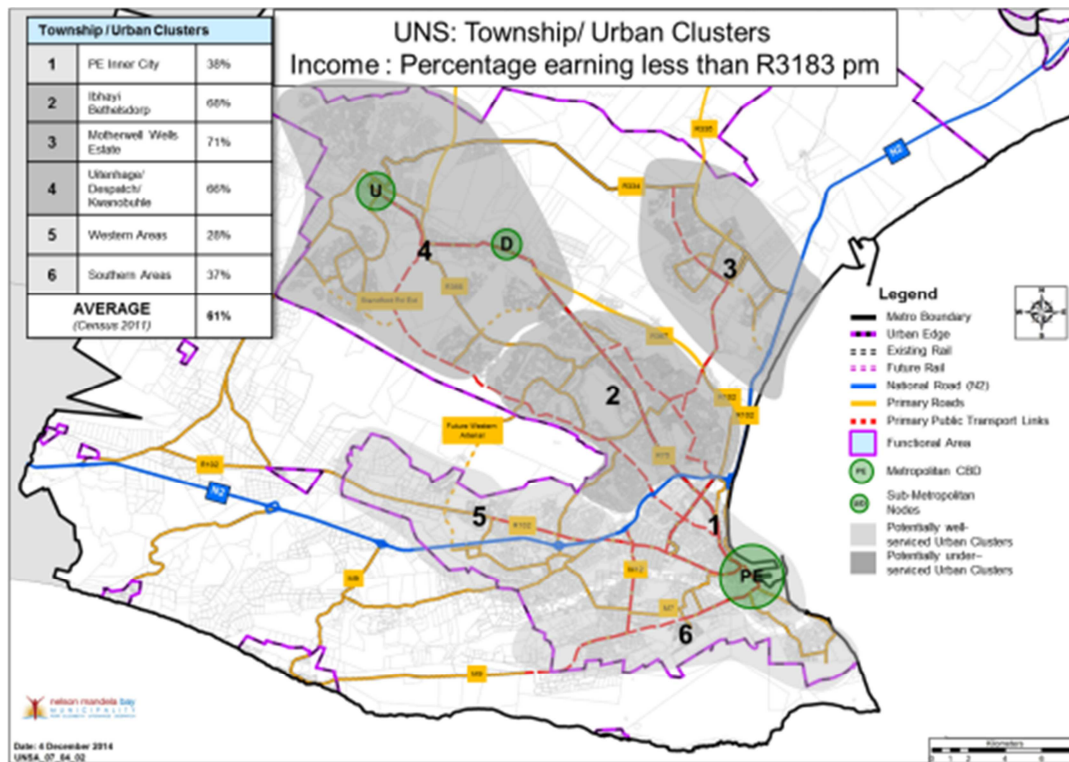
FIGURE 26: Urban Network Strategy - Township Clusters

Source 1: NMBM 2015

The density and income characteristics of these clusters are further illustrated in the figures below, which highlight the manifestation of higher densities and lower income levels of the Northern Townships (clusters) with Ibhayi having the highest density per hectare. Motherwell has the highest percentage of the population earning less than R3 183 per month. The population numbers and densities in the Southern Clusters are noticeably smaller and lower than those of the Northern Clusters.

FIGURE 27: Urban Network Strategy: Cluster Densities (Persons/Ha)

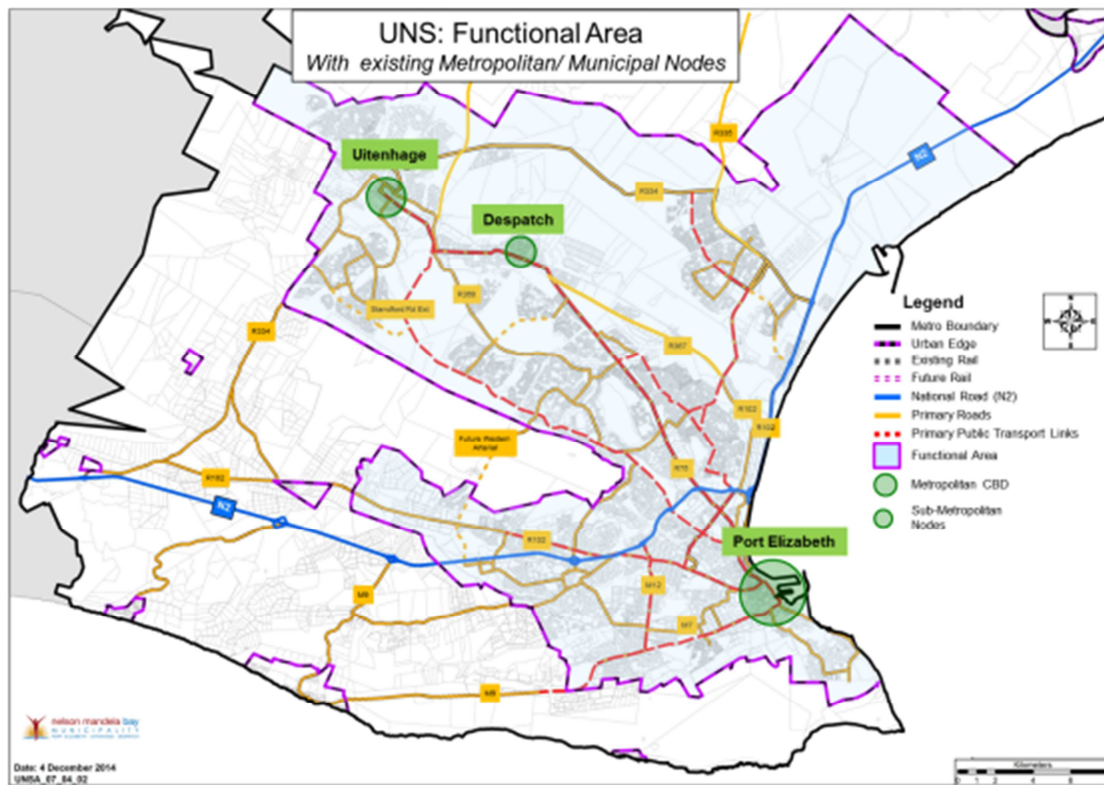
Source: NMBM, 2015

FIGURE 28: Urban Network Strategy - Income Levels per Cluster

Source: NMBM, 2015

CENTRAL BUSINESS DISTRICTS (CBD'S)

The Urban Network Framework identifies the CBD's of Port Elizabeth, Uitenhage and Despatch as important nodes. The Port Elizabeth CBD is identified as the primary CBD for the Nelson Mandela Bay Metropolitan Area.

FIGURE 29: Functional area with existing municipal nodes (CBD'S)

Source: NMBM, 2015

PRIMARY NETWORK/TRANSPORT LINKS

The primary network in this Urban Network includes three of the five major transport arteries, being:

Harrower/Stanford Road

This road runs in a north-westerly direction, linking the PE CBD with Gelvandale, Helenvale, Bethelsdorp and Bloemendal (Chatty). The long-term integrated road network planning provides for the extension of Stanford Road from its current point of termination in the Chatty/ Zaanemvula development area, to the Uitenhage CBD area. This extension is reflected in the current planning of the Jachtlakte / Kwanobuhle Estate residential developments.

Provincial Route R75

The R75 in a north-westerly direction, linking Port Elizabeth, Despatch and Uitenhage, as well as the townships of Ibhayi, Algoa Park, Missionvale, Govan Mbeki, KwaDwesi and KwaMagxaki.

Khulani Corridor

The Khulani Corridor refers to the north-south linkage between PE CBD, Ibhayi, Njoli and Motherwell along SheyaKulati, Daku and Dibanisa Roads.

Other primary arteries are:

Old Cape Road (R101)

Provincial Route R101, Old Cape road is a westerly linkage between the PE CBD and the Western Townships of Westering, Kabega, Rowallan Park and Bridgemeade.

Heugh/Buffelsfontein Road

This southern route links the PE CBD to the Western Coastal area of Seaview.

William Moffat Expressway

This road is a north-south linkage between Heugh Road/ Buffelsfontein Road and Old Cape Road

The N2

The N2 runs from West to North through the urban area, serving as a further primary linkage between the urban areas of Nelson Mandela Bay.

These arteries/transport links form the structure of the Integrated Public Transport System in Nelson Mandela Bay which is comprised of road and rail network links.

ROAD NETWORK

Public transport serves the metropolitan area along the following existing and planned routes:

- North-South linkage between the PE CBD and Motherwell via Ibhayi along the Khulani Corridor (SheyaKhulati, Njoli, Daku and Dibanisa Roads).
- North-West linkage between the PE CBD and Bloemendal/Bethelsdorp along Stanford Road, currently terminating near the Cleary Park Shopping Centre, but with planned future extension to Uitenhage via the Chatty, Jachtlakte and KwaNobuhle Estate areas.
- South-West linkage between the PE CBD and the Western Suburbs via Old Cape Road, currently terminating in the vicinity of Rowallan Park, but with planned future extension towards the Redhouse Chelsea intersection, with a possible linkage to the Bay West Mall development.

RAIL NETWORK

There is an existing passenger rail link between the PE CBD and Uitenhage via New Brighton, Sydenham, Swartkops, Redhouse, Despatch. This is part of the Port Elizabeth – Graaff-Reinet Line.

There is an existing passenger rail link between PE CBD and Motherwell/Markman. This is part of the Port Elizabeth – Johannesburg Line.

A future passenger rail link between Port Elizabeth CBD and Motherwell via a proposed new Motherwell Rail Corridor parallel to Tyinira Street (Motherwell) is planned. There is a long-term possible linkage between Coega and Uitenhage. This is a high-priority project driven by PRASA and it is currently being assessed in terms of NEMA processes.

PRASA has confirmed their long-term interest in a passenger rail link between Port Elizabeth and Uitenhage via Bethelsdorp, Chatty, Jachtlakte and KwaNobuhle along a route alignment which has been in existence for a long time. The route is however compromised by existing developments which requires attention at the appropriate time.

A narrow-gauge rail line exists between Humerail (Port Elizabeth) and Loerie. This line originally served as a goods line between Port Elizabeth and Loerie, but has fallen into disuse.

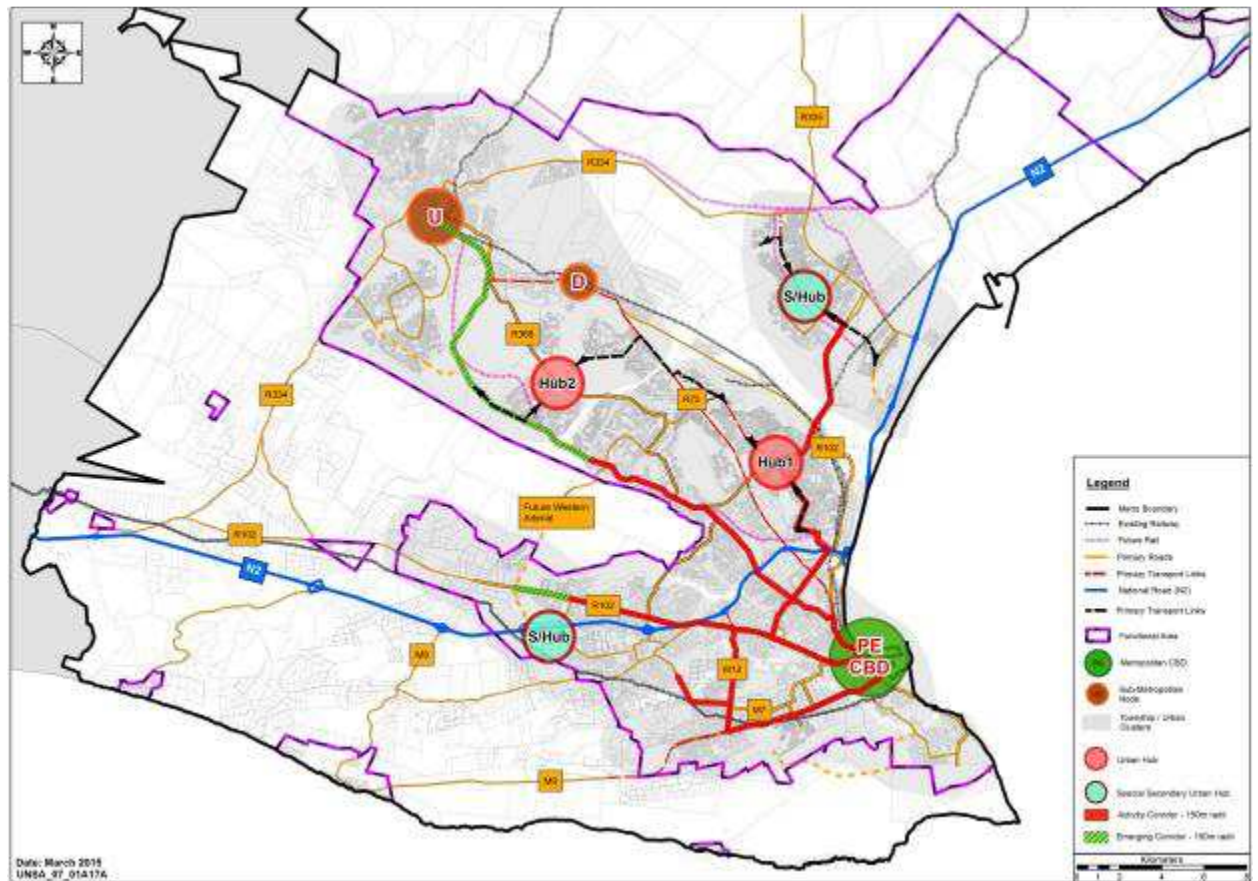
URBAN HUBS

The Urban Network Approach (NDPG, 2013) makes provision for the identification of “urban hubs” that will serve as “town centres” for under serviced township clusters. It furthermore allows for a hierarchy of urban hubs, i.e. the primary and secondary hubs. In Nelson Mandela Bay, provision includes a special secondary hub, at a level between the primary and secondary hub.

PRIMARY URBAN HUBS

The Primary Hubs are identified as follows:

FIGURE 30: Primary Urban Hubs



Source: NMBM 2015

Port Elizabeth CBD

The Port Elizabeth CBD is the administrative heart of the City and is recognised in the Urban Network Strategy as a Primary Hub.

Njoli Hub (Hub 1)

Spatial targeting and the eradication of spatial inequalities, as envisaged in the National Development Plan, is an underlying principle of the Urban Network Approach, hence the focus on catalytic development of urban hubs in under-serviced township clusters. The Njoli Hub is identified as the Primary Hub, Hub 1.

This hub is identified as the Primary Hub for urban/catalytic intervention with the objective of linking and integrating the previously segregated townships of Ibhayi and Bethelsdorp. Its identification was informed *inter alia*, by:

- its importance as an historical public space for meeting and informal trading;
- the convergence of major routes in Ibhayi;
- the development of the Njoli transportation nodal interchange and hub along the Khulani Corridor; and
- the underlying potential to creatively plan and implement public facilities and amenities that will act as catalyst for wider and more intensified developments that will enhance the scale of economies for the installation of public infrastructure in these areas.

The key elements in this hub include:

- Njoli Square, a multi-million rand redevelopment initiative around the historic Njoli Square;
- Khulani Corridor, a major transport link and development corridor, designed to link the Port Elizabeth CBD with the townships of Ibhayi and Motherwell;
- Kenako shopping Centre, a recently completed shopping centre;
- The Vista Campus of the Nelson Mandela Metropolitan University (NMMU), also known as the Vista Campus;
- The Eastern Cape Training Centre (ETC) opposite the Kenako Centre;

- The Dora Nginza hospital which is envisaged as a future academic hospital for the NMMU Medical School Facility; and
- The Vistarus informal settlement next to the Vista Campus, which is to be redeveloped as part of the Zanemvula Project, one of the first Mega/Presidential Projects initiated in 2006/07 in terms of the Breaking New Ground Strategy.
- The Red Location Cultural Precinct which includes the Red Location Museum of Apartheid, an art gallery, an electronic library; a backpackers' lodge as well as the regeneration of Singhapi Street can be considered as a Secondary Hub to the Ibhayi/ Bethelsdorp Hub.

Chatty Jachtlakte Hub (Hub 2)

The Chatty Jachtlakte Hub is identified as the second Primary Hub. It is in great need of catalytic intervention to unlock the development potential of this newly developed area. It is situated to the West of Njoli around the intersection of the Bloemendal Arterial and Stanford Road.

This Hub is at the core of the greenfields component of the aforementioned Zanemvula Mega Project, developed as an initiative of the National Department of Human Settlements; Provincial Department of Human Settlements and the Municipality. The Housing Development Agency (HDA) is the implementing agent.

Key elements in this hub include:

- The convergence of Standford Road, Bloemendal Arterials and the MR448 (Old Uitenhage Road). Standford Road is one of the primary links between the Port Elizabeth CBD and Uitenhage. The Bloemendal Arterial on the other hand is not yet fully developed, but serves as an important North/South linkage between the R75 and Standford Road. MR 368 still serves as an important secondary link between Port

Elizabeth and Uitenhage and has the potential to link the Njoli and Chatty Jachtlakte Hubs.

- The new greenfield residential developments of Joe Slovo West; Bethelsdorp North; Khayamnandi; the Chatty developments and the Jachtlakte/Kwanobuhle extensions currently in the planning stage, will yield in the order of 54000 residential opportunities, once fully developed. Approximately 14000 units have already been completed and are in need of social facilities and amenities.
- There are large tracts of vacant and serviced land in the greenfield development areas that can be utilized for catalytic high density infill and mixed used development.

SPECIAL SECONDARY HUB

The Motherwell Township is very high on the transformation agenda of the Municipality, primarily because of its establishment history as a dormitory town for the Markman Industrial Area. It is under serviced in terms of economic as well as social facilities and amenities and even where those facilities and amenities exist, the quality is sub standard. Major extensions to the township area (Motherwell Extensions 12, 29, 30 and 31) are currently under construction as part of the municipal human settlement programme. This development, which is rolled out as an integrated residential development, will yield almost 12 500 residential opportunities, home to approximately 50 000 people. A proposed private sector development to the North of Motherwell (Coega Ridge) will, if developed to full potential, yield another 25 000 to 30 000 residential opportunities (100 000 to 120 000 people).

It is against the background that a Special Secondary Hub has been identified at the centre of Motherwell around the Motherwell Shopping Centre and Clinic. Other existing facilities such as a Thusong Centre (to be redeveloped as a Traffic Centre), the Motherwell Community Centre and the higher density Sakhasonke housing project are located in this node. The node will also

serve as the terminal point for the Khulani Corridor, as well as future nodal interchange for the Integrated Public Transport System (IPTS).

This hub is currently not well defined as a strong nodal point, but it holds the potential to develop as such, particularly when the planned Motherwell Rail Corridor is implemented. The future Motherwell rail station will be in close proximity and forms a strong focal point in this node. It is therefore important that this node be identified and targeted for catalytic intervention in the near future.

Detail precinct planning will be undertaken during the 2015/16 period.

SECONDARY HUBS

The Uitenhage and Despatch CBD's have are identified as secondary hubs as a result of their role and function as sub-regional metropolitan (sub-metropolitan) nodes.

The Urban Network Framework includes the following Secondary Hubs:

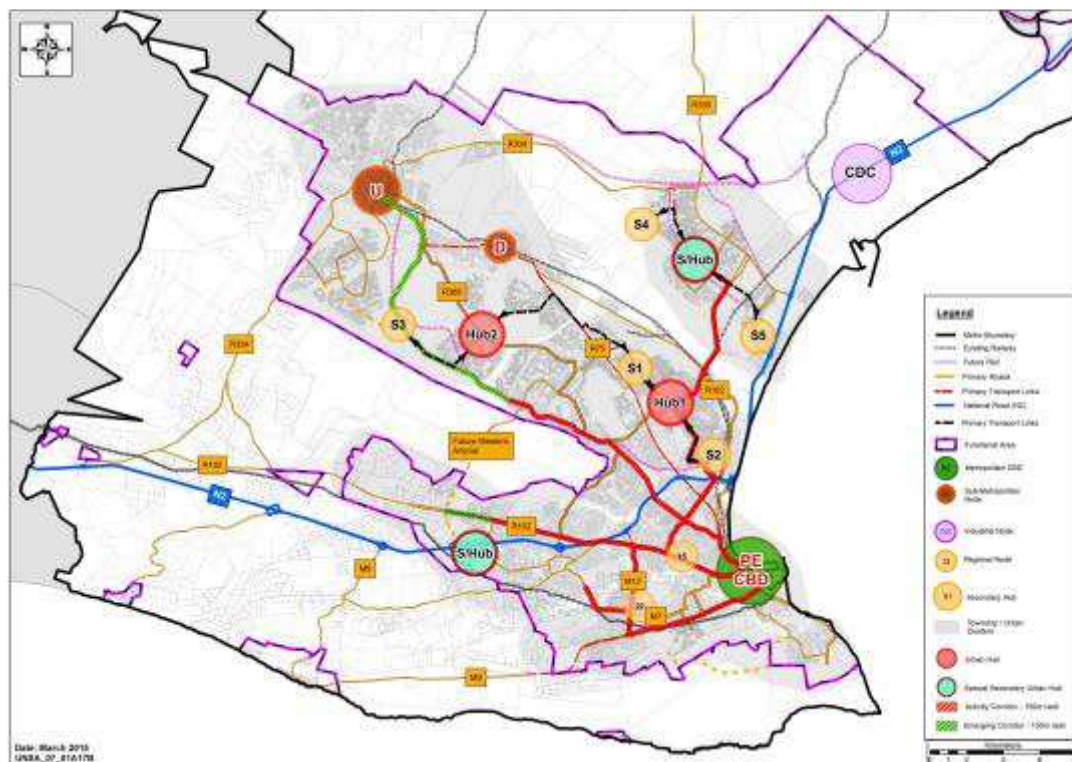
Secondary Hub 1 (S1) (Kenako/Vista):

This hub is situated in the Ibhayi / Bethelsdorp area around the Kenako Centre; Eastern Cape Training Centre (ETC); Dora Nginza Provincial Hospital; and the Vista Campus of the Nelson Mandela Metropolitan University (NMMU). It forms a logical link and extension to the Njoli Hub (Hub1) and holds significant potential for development interventions that will link two previously spatially (and socially) separated communities. The precinct planning for this hub will be undertaken as part of the Hub 1-precinct planning which runs concurrently with the preparation of the Ibhayi and Bethelsdorp LSDF's.

Secondary Hub 2 (S2) (Red Location):

This hub is located around the Red Location Cultural Precinct which includes the Red Location Museum of Apartheid, art gallery, electronic library; a backpackers' lodge as well as the regeneration of Singhapi Street. The node will play a significant role as a cultural/ tourism node and can be directly linked with the Port Elizabeth CBD by means of the New Brighton Railway Station which is within walking distance. It will furthermore complement and strengthen not only the Njoli Hub, but also the Khulani Corridor.

FIGURE 31: Urban Network Framework with Secondary Hubs



Source: NMBM 2015

Secondary Hub 3 (S3) (Jachtlakte/ Kwanobuhle):

Kwanobuhle Estate is a privately owned proposed development which is about to be developed and will link the Chatty/ Jachtlakte development with Kwanobuhle. A significant mixed-use/ retail node is provided along Stanford Road extension. Provision is also made for a railway station at this juncture

as part of the planned PRASA commuter rail connection between Port Elizabeth and Uitenhage via Kwanobuhle. It could alternatively serve as a passenger station for the alternative light rail system planned along Standford Road. This nodal locality is therefore included as a future Secondary Hub (S3).

Secondary Hub 4 (S4)(Motherwell North):

The layout for the Motherwell North extensions currently under development, made provision for a retail node which could be developed as a secondary township hub. A possible future secondary railway station in this vicinity will contribute to the significance of this node as a future hub.

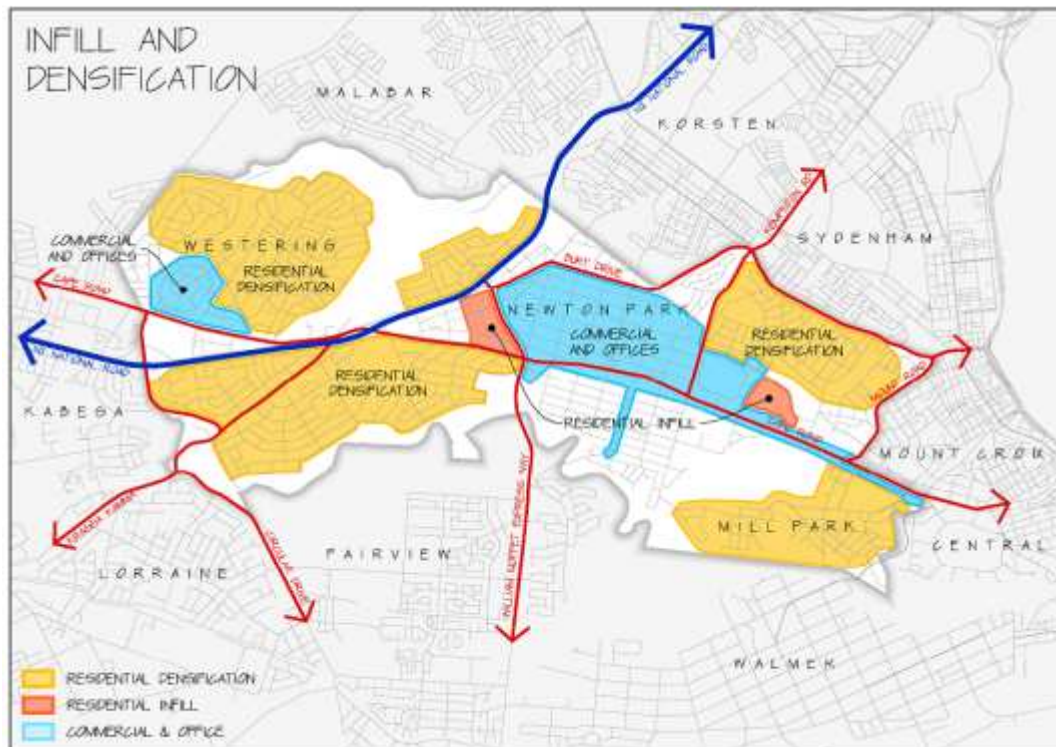
Secondary Hub 5 (S5)(Wells Estate):

The long-term road network plans make provision for a road linkage between Weinronk Way in Blue Water Bay and Tynira Street in Motherwell via the Wells Estate Extension 3 development. Provision has been made for a retail node at the convergence of the Phases 5 and 6 of Wells Estate Extension 3 and Blue Water Bay. This node could be developed as an effective secondary township hub for integrated mixed use development.

Other nodal areas which are recognised as part of the Urban Network Framework and urban hubs, include:

Greenacres/ Newton Park Node:

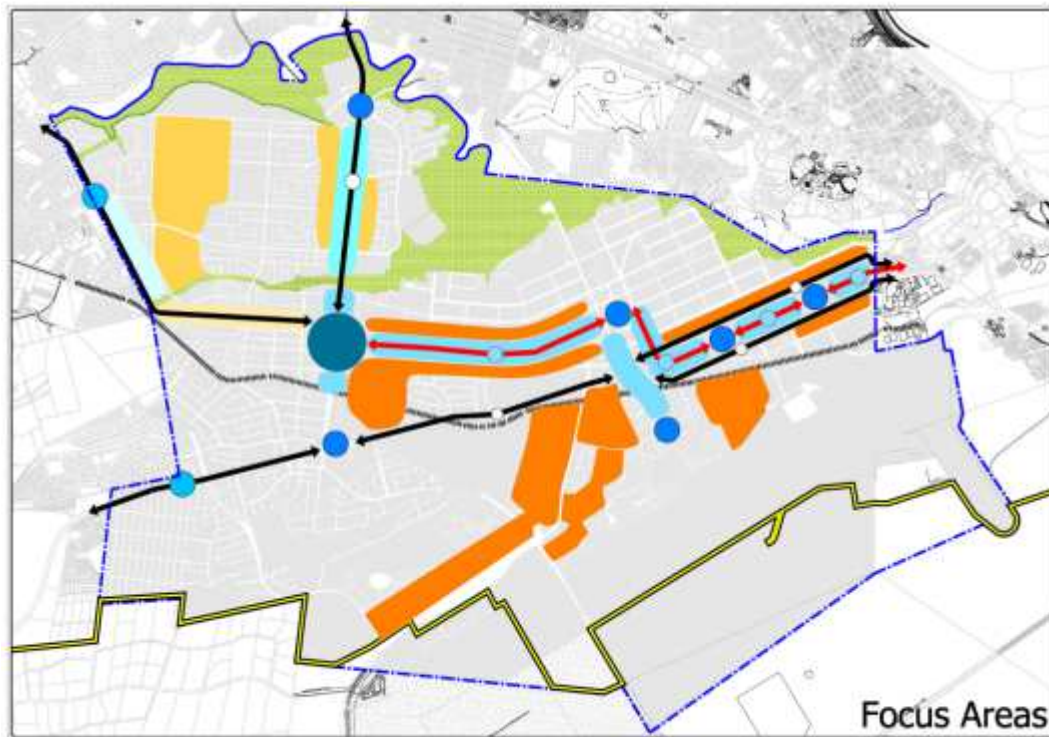
This is an existing retail and mixed use node at the convergence of the Cape Road and Langenhoven Drive/ Kempston Road transport and activity corridors. An “informal nodal interchange” is contained in the parking areas of the Greenacres Retail Park and holds the potential of formalization. An LSDF for this area was approved by Council in 2014. The potential for high density infill residential development in this node should be considered and promoted.

FIGURE 32: Greenacres/Newton Park Node

Source: NMBM Cape Road (Mill Park to Westering) LSDF, April 2014

Walmer Node:

The Walmer Node is situated at the convergence of Main Road, Walmer and William Moffat Expressway and is comprised of major retail centres. It is included in the Greater Walmer LSDF, approved by Council in 2013. The figure below is extracted from the LSDF and shows the importance of this node in its spatial context and targets it specifically for development.

FIGURE 33: Walmer Node

Focus Areas for Priority Actions Required

Source: Greater Walmer LSDF, October 2013

An “informal nodal interchange”, which is developing organically at taxi drop-off and pick-up points, is noted in this nodal area and should be formalized as part of nodal development interventions.

Great Westway (Makro/ Framesby/ Westering) Node

This node is located at the convergence of Samantha Way/ Bramlin and Cape Road. It is illustrated in the extract from the Cape Road (Mill Park to Westering) LSDF, in the figure below. It is largely a retail node around the Makro, Metlife Plaza and Linton Grange shopping centres. A day care medical centre is also located in this node.

FIGURE 34: Great Westway Node

Source: NMBM Cape Road (Mill Park to Westering) LSDF, April 2014

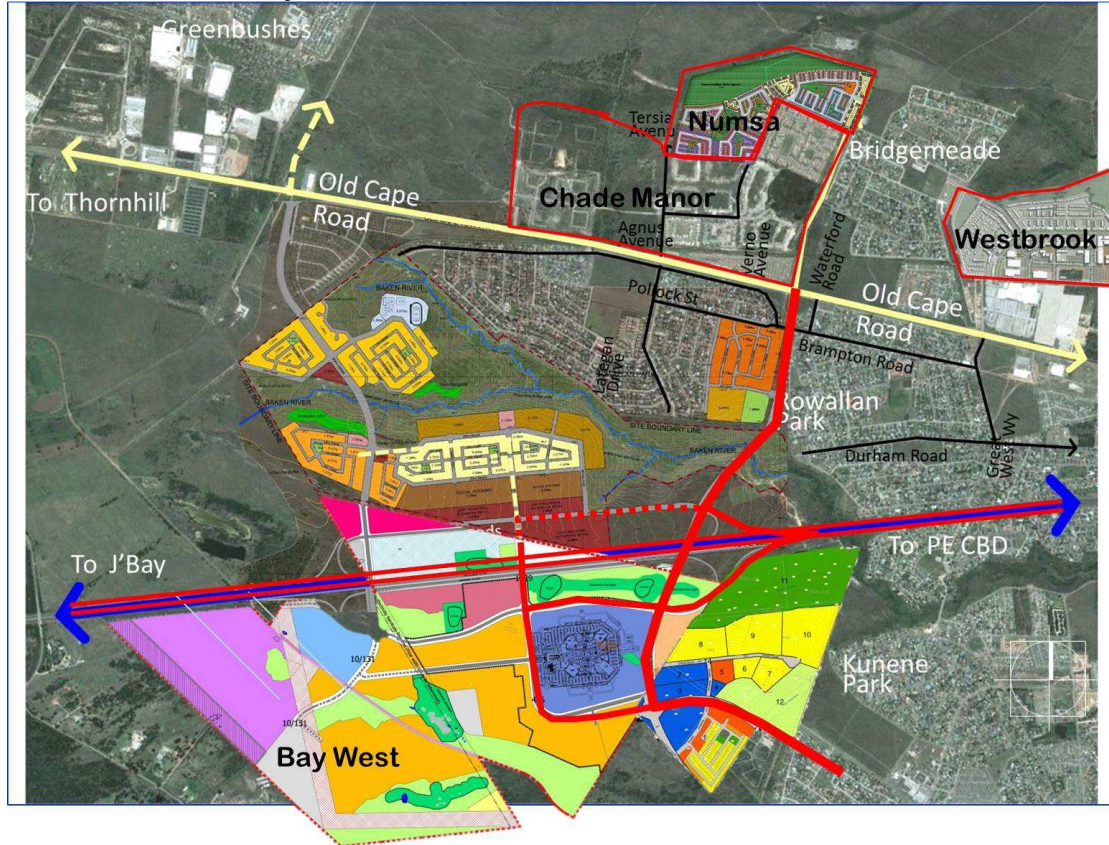
Baywest / N2 Node:

The Baywest / N2 node is anchored by the new regional Baywest Mall which will open in May 2015. This node will include further intensified mixed use and residential development, which if developed at full capacity, will render approximately 10 000 permanent job opportunities and approximately 8 200 residential opportunities aimed at the low, middle and high income markets. Housing typologies will range from high density rental and ownership apartments to low density single residential units for a varied socio-economic sector.

Other developments such as the Kuyga extension, Westbrook and Parsonslei will form part of the larger nodal development area and contribute to additional mixed use and residential development yielding a further estimated 6 500 residential opportunities. A direct road linkage between the Baywest/N2 Node and Chatty/Zanemvula has been identified as high priority in order to enhance the accessibility of this node to the northern townships of

the Metro, not only from a convenience perspective, but more importantly from a job opportunity perspective.

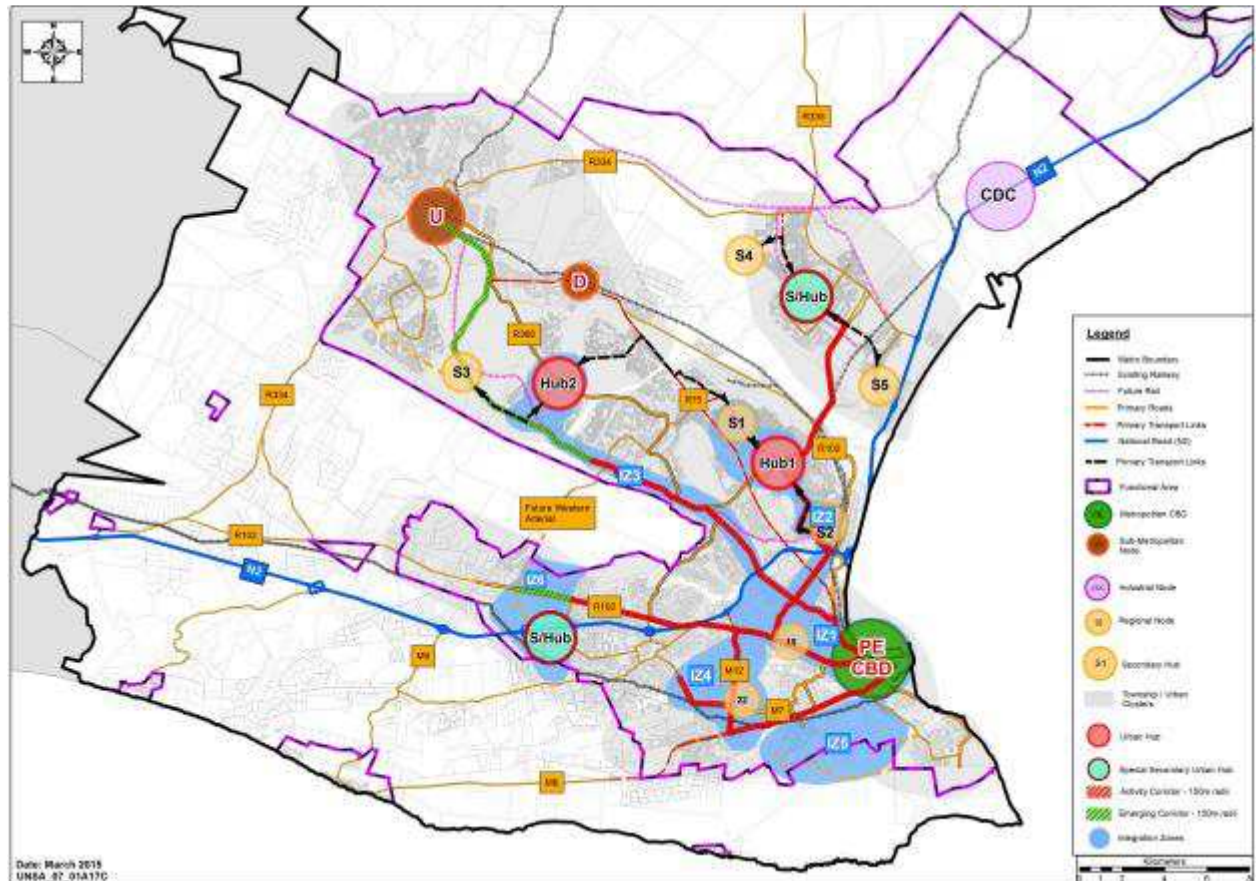
FIGURE 35: N2 Baywest Node



Source: NMBM, Western Areas LSDF, 2013

INTEGRATION ZONES

FIGURE 36: Urban Network Framework with Urban Hubs and Integration Zones



Source: NMBM, 2015

The following Integration Zones are identified in the Urban Network Strategy:

Integration Zone 1 (IZ1)(Inner City):

Integration Zone 1 is comprised of the Inner City area and includes the Port Elizabeth CBD as well as Newton Park; 2010 Stadium and Inner City LSDF areas. The mandate area of the Mandela Bay Development Agency falls within this Integration Zone. This integration zone holds significant potential for inner city revitalization with projects such as the Mermaids Precinct and Lower Baakens Catalytic Projects.

Integration Zone 2 (IZ2) (Khulani/ Njoli):

This Integration Zone serves links the Inner City area (Integration Zone 1) and the Njoli Hub and incorporates a portion of the Khulani Corridor between the Stanford Road and Njoli Square. It includes Secondary Hubs S1 (Kenako/ Vista) and S2 (Red Location) and holds potential for urban regeneration and intensified mixed use development along the Khulani corridor and around the Njoli Hub. Intensified mixed use around the S1 (Kenako/ Vista) Secondary Hub would be possible, but may require intense community participation particularly around the Vistarus area.

Integration Zone 3 (IZ3) (Stanford Road):

This Integration Zone 3 along Stanford Road serves as a spatial link between Integration Zone 1 and the Chatty Jachtlakte Hub. Environmental and spatial constraints makes it a very narrow corridor with limited scope for catalytic and development intervention. These would mostly be limited to nodal interchanges along Stanford Road such as the Cleary Park Nodal interchange. The Chatty/Jachtlakte Mega Housing Project is partially part of this integration zone.

Integration Zone 4 (IZ4) (Fairview West):

Fairview West area is located within a 6 to 8 kilometer radius from the CBD and is adjacent to the William Moffat Expressway and Circular Drive activity corridors. It forms part of a land restitution area from where large numbers of people were relocated. A number of housing projects, comprising of mixed residential typologies aimed at the lower income groups, contribute to the area being identified as an area of substantial spatial development and enormous potential to illustrate spatial transformation. The area is also identified as a Mega Project in the Human Settlements Programme.

Integration Zone 5 (IZ5) (Walmer/ Summerstrand)

This integration zone is highlighted as a new development zone for one of the large scale integrated residential development Mega Project in the Human Settlements Programme.

Integration Zone 6 (IZ6) (Baywest / N2 Node)

The potential, capacity and significance of the Baywest/ N2 Node as catalyst for intensified integrated and mixed use development at scale, has contributed to the inclusion of the larger development area of this node as a sixth Integration Zone (IZ6). This integration zone holds the potential to attract private sector investment in the development of the node/ zone which should be harnessed because of its potential to be a significant generator of rates income.

OTHER ACTIVITY CORRIDORS

The Nelson Mandela Bay Urban Network further identifies other existing mixed use activity corridors that are important. These are:

1. *Walmer*: This corridor starts at Marine Drive as Walmer Boulevard, increases in activity at 1st Avenue intersection, from where the road becomes Heugh Road, and continues to the intersection of Buffelsfontein Road and 17th Avenue.
2. *Walmer Main Road*: This corridor commences in Heugh Road, it runs to Walmer Main Road, to the intersection with the William Moffat Expressway.
3. *William Moffat Expressway*: This corridor starts from the intersection of Buffelsfontein and 17th Avenue and runs along William Moffat Expressway to Cape Road.
4. *Cape Road*: This corridor starts at the intersection of William Moffat Drive and Cape Road, and runs to Greenacres, terminating in the CBD.

3.7.2 Details of proposed or completed adjustments to the determination of spatial targeting instruments (PHDAs, SHRZs, UDZs, IDZs, SEZs, etc.) applicable to each Integration Zone

This BEPP has identified the Integration Zones which has been completed with reference to National Treasury where the UNS is prescribed.

The next steps now that the Urban Network Strategy is finalised will be to consider further spatial targeting instruments to enhance the roles of the urban network elements for private sector investment and spatial restructuring.

In respect of Restructuring Zones for Social Housing, Council has approved that submissions be made to the Provincial Department of Housing and Local Government to declare the entire area within the urban edge a Restructuring Zone. This will allow flexibility in the location of social housing opportunities, including restructuring zones identified in the Urban Network Strategy.

3.7.3 Details of proposed or completed adjustments to Spatial Development Frameworks and Land Use Management System, and where relevant, By-Laws and Regulations applicable to each Integration Zone

It is recognised that adjustments may have to be made to the SDF and Land Use Management System in the future now that the Urban Network elements are identified. The work has not reached the level to properly determine the interventions possible.

3.7.4 Catalytic urban development projects and impediments to their implementation.

The following Catalytic Projects have been identified in terms of the definition of the 2015/16 BEPP Guidance note.

TABLE 27: Catalytic Projects

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
1	Mermaid's Precinct	Integrated inner-city revitalisation	Integration Zone 1: CBD / Primary Economic Node	<p>Proposed mixed use integration project in the Mermaid's Precinct Area of the CBD/ Inner City</p> <p>Node comprising of residential (social housing and rental apartments), recreational (urban jungle) and open space components.</p> <p>The Mermaids precinct is located on 39 hectares of land in the heart of the CBD.</p> <p>Redevelopment of this land can impact on the rest of the CBD and the broader area by providing mixed social economic opportunities, recreation facilities, tourism facilities that will have a city wide impact.</p>	R120m (Est.)	5 to 10 years	<ul style="list-style-type: none"> ▪ Development Master Plan prepared; ▪ Approved as catalytic project; ▪ Detail proposals to be prepared; ▪ Submitted to DBSA ito PPF programme

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
	Mermaid's Precinct (continued)			<p>The capacity of this site to revitalise the broader CBD is enormous- presently the area is a dead area with high crime and vandalism which impact on property prices.</p> <p>Part of the project will involve increasing access to this area which will improve CBD access as well.</p> <p>Impact of this project is its capacity to integrate socio economic groups from a recreation, economic and residential perspective.</p>			
1	Lower Baakens Valley Precinct	Integrated inner-city revitalisation	Integration Zone 1: CBD / Primary Economic Node	<p>Integrated mixed use and residential infill development in the Lower Baakens Precinct Area.</p> <p>Approximately 1000 hectares.</p> <ul style="list-style-type: none"> • Critical mixed use area. • Capitalise on existing infrastructure • Mixed use • Tourism, retail, residential • Close links to the port • Economic opportunity • Strong environmental 			<ul style="list-style-type: none"> ▪ Precinct planning study in progress to be finalised ▪ Conceptual framework has been finalised ▪ Feasibility studies needed ▪ Pollution problems in River to be resolved/studied ▪ Infrastructure funding to be determined ▪ Flood line studies necessary

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
1	Happy Valley Precinct (continued)	Integrated Mix-use inner city development Also part of Mega-Project into the NMBM HSSF	CBD / Primary Economic Node / Inner City Development Area	Integrated mixed use and residential infill development in the Happy Valley Precinct Area <ul style="list-style-type: none"> Public private partnership area Close to an area which has broader mixed use housing opportunities (potential for 2063 Residential Units. at estimated value of R701m – refer Housing Implementation Plan) Strong tourism potential Stadium site has potential for large activity such as ICC 	R700 million for residential		<ul style="list-style-type: none"> Local Spatial framework planning complete. SMEK preparing precinct plan for development of Telkom Park component. Feasibility studies still needed for remainder.
2	Ibhayi / Njoli Urban Hub	Precinct Planning / Urban Hub Design	Ibhayi / Njoli Urban Hub	Detail Precinct Design in support of Urban Network Strategy <ul style="list-style-type: none"> Poorest area of the city Massive potential for integration of two previously separated communities Hub has a 2 km radius Impact area: 7,5 km radius Linking economic activity that has grown organically with transportation hub and ties together with university, hospital, etc. Links Uitenhage, Motherwell and CBD to Ibhayi Planning activity to support nodal interchange and planning interchange below Triggered by the private development of Kenako Centre 	R510 000	6 to 12 months	<ul style="list-style-type: none"> Procurement of service provider being finalised

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
	Ibhayi / Njoli Urban Hub (continued)	Nodal Interchange and Urban Hub Development	Ibhayi / Njoli Urban Hub: Njoli Square Nodal Transport Hub	Development of Nodal Transport interchange and commercial centre <ul style="list-style-type: none"> • Urban renewal project • Major transport hub • Present economic opportunities • Been implemented – R16 million 	R285 m		<ul style="list-style-type: none"> ▪ Phase 1: Temporary Facilities for Taxi's and Traders ▪ Phase 2: Ring Road and IPTS ▪ Phase 3: Dome Development
		Tourism & educational development catalyst.	Township hub: Red Location Precinct Secondary Hub (S2)	Red Location Cultural Precinct: holds potential for infill residential development <ul style="list-style-type: none"> • Biggest cultural precinct in Africa • Ability to create jobs in poorest part of city When complete, the Red Location Cultural Precinct will comprise five public buildings Red Location Museum - winner of multiple international awards for architecture and design. It is anticipated that during construction of the performing arts complex 634 jobs will be created and that 701 will be employed in Red Location Precinct when fully operational.			<ul style="list-style-type: none"> ▪ The Red Location Museum (complete – opened in 2006) ▪ The Red Location Art Gallery (complete – opening pending) ▪ The Red Location Digital Library and Library Archive (complete – opening pending) ▪ The Red Location Performing Arts Complex (planning underway) and ▪ The Red Location School of Performing Arts (planning beginning)

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
2	Bloemendal Arterial	Catalytic link road	Corridor (Transit)	<p>Critical link connecting the Njoli and Chatty Jachtlakte Hubs. Part of longer-term Comprehensive Integrated Transport Plan</p> <ul style="list-style-type: none"> • Total 9 km (6.5 km + 2.5 km) • It strengthens the urban network strategy by linking it spatially • It will improve connectivity between areas which will increase economic activity • Essential transport collector to fast track development in the area • Impact will directly assist a predominantly poor area • Catalyst towards commercial development in the area and other social facilities which has been constrained due to no access • In the heart of Zanemvula areas which is a presidential project area accommodating in the order of 45 000 residential opportunities. 	<p>Phase 1 R3.22m (ICDG)</p> <p>Phase 2 R108m</p>	June 2015	<ul style="list-style-type: none"> ▪ Phase 1 of the project involves the detail design and preparation of tender documents for the construction of the road – tenders called for appointment of consultants to oversee this function. Part of arterial route previously designed and bill of quantities prepared. To be incorporated in current work. ▪ Phase 2 will involve implementation – not funded as of yet
3	Zanemvula	Precinct Design	Township hub: Chatty Jachtlakte Hub (Hub 2)	<p>Will also serve the Bloemendal and KwaNobuhle areas</p> <ul style="list-style-type: none"> • Areas exists in the heart of Zanemvula project (45 000 residential opportunities) • Opportunities do not exist for connectivity to rest of the city and its role for transport hub • Design is needed to fulfil this broader role • In heart of integration zone identified in urban network strategy • Design is a prerequisite for urban network strategy 			

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
	Zanemvula (continued)	Chatty Link Road	Township hub: Chatty Jachtlakte Hub (Hub 2)	<p>Critical for strategic land release as well as community-social infrastructure delivery (schools, clinics, crèches). Identified as a NMBM HSSF Mega Project.</p> <ul style="list-style-type: none"> 1.98 km link road between Stanford Road and Bloemendal Arterial Routes to unlock development and delivery of social and economic facilities and amenities. 	<p>Est. Design Cost: R633m (ICDG)</p> <p>Est. Implementation Cost: R12.28</p>		<ul style="list-style-type: none"> Phase 1 of the project involves the detail design and preparation of tender documents for the construction of the road Phase 2 will involve implementation – not funded as of yet – could possibly be a NDPG project.

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
		Integrated Mixed Use Development	Township hub: Chatty Jachtlakte Hub (Hub 2)	Integrated Mixed Use Development (Mega Project) <ul style="list-style-type: none"> • Included in the design of the Zanemvula area • Land alongside the planned Chatty link road mentioned above • Was determined as mixed use land to prevent area from being fully occupied by RDP housing without attendant socio economic facilities • Was intention that alternative housing types, higher densities and other activities would be located in these areas along side public transport route • These areas have the potential to bring employment generating activities into the heart of the Zanemvula project area where unemployment is rife • Acts as catalyst for other socio economic activities such as retail as well as alternative higher order residential opportunities • Approximately 172 ha of land could be released with completion of Chatty link road with potential yield of approximately 5000 Residential Units. Partially included in Phase 1 of Chatty Jachtlakte Precinct Plan) • Further development of the Chatty Jachtlakte node will yield an additional 28000 Residential Units over next 8 to 12 years 			

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
3	IPTS Phase 1	Public Transport	Corridor (Transit)	<p>Cleary Park route</p> <ul style="list-style-type: none"> Catalytic activities around the nodal interchange Identify opportunities for public transport activities and densification along Cleary park route Route very constrained Needs intervention as a section runs alongside the commuter rail <p>Cleary Park route lengths:</p> <p>Trunk Route Cleary to CBD: 11.5 km, 16 bus stations (on the Harrower Road route) – the route via Berry's Corner is not to be used for the initial phase)</p> <p>Trunk Route Cleary to Greenacres: 11.6 km</p> <p>Main Routes: 16.1 km total</p> <p>Area Routes: 156.2 km total</p>			
4	Fairview West Integrated Development Fairview West Integrated Development (continued)	Integrated Mixed Use and Residential Development (Spatial Transformation)	Integration Zone 4: Corridor (Infill): (West of William Moffat Corridor and North – North-East of Circular Drive Corridor)	<ul style="list-style-type: none"> Integrated Mixed Use and Residential Development in the Fairview / Willowdene area comprising of mixed retail and mixed residential development. Identified as Mega-Project in terms of the NMBM Human Settlements Framework. Current projects will yield approx. 2800 units – Total no of Residential Units estimated at 2488 with further potential of approximately 2000 units 	R128,8m	2014/2015	Fairview Links Social Rental Project COMPLETE (365 Res Units)
					R140,0m	2015/2016	Willowdene (400 Res Units)-Infrastructure and service installation nearly complete. Construction of residential units about to commence. (Private sector development)

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
				<p>on state owned land – total 4488 (Estimated) Potential socio economic integration area</p> <ul style="list-style-type: none"> • Links south, west and north sides of the city • Alongside retail strip and access road • Close to job opportunities • New retail development (shopping centre) currently under construction • Construction of 300-bed private hospital about to commence 	R773.3m (Est.)	2015 - 2023	Further 48 ha awarded by PDHoS. (Est 2023 units) Detail development planning commenced (private sector development).
				<p>Catalytic infrastructure – Development of area to full potential will require infrastructure investment:</p> <p>Bulk Sewer Upgrade (Lower Baakens and Driftsands Sewer Collectors); also bulk water supply</p> <ul style="list-style-type: none"> • 48 hectares cannot proceed without bulk sewer upgrade • Other private properties are also affected • Catalytic improvement in road network (particularly along main routes) 			Preparation of infrastructure scoping studies and traffic impact assessments.

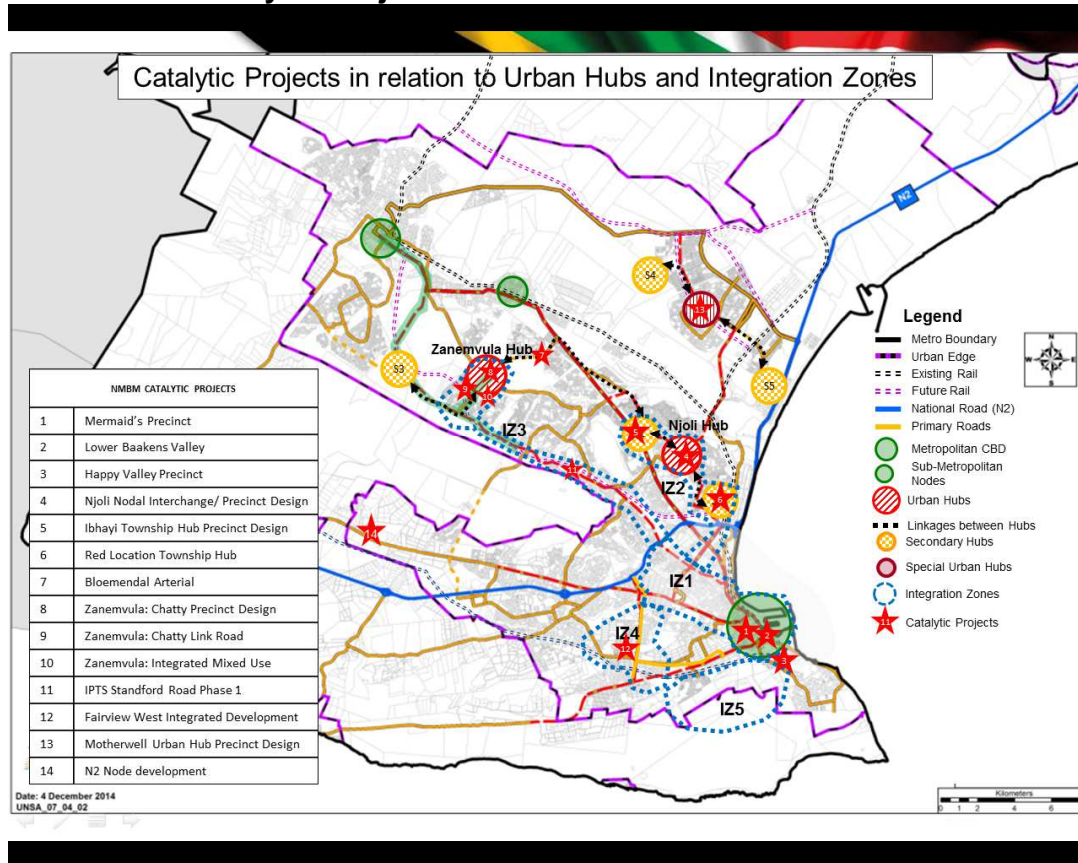
NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
4	Motherwell Urban Hub	Precinct Planning / Urban Hub Design	Township hub	Detail Precinct Design in support of Urban Network Strategy as well as the Khulani Corridor Development <ul style="list-style-type: none"> • Not an integration zone but an urban hub • Growing population – 200 000 • Planned Commuter Rail Corridor will be major catalyst for development in this urban hub • Area fills critical role close to Coega IDZ • Presidential urban renewal project for close to 10 years • High unemployment • Low investment 	Not identified	Not identified	Not initiated

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
	N2 Nodal area	Special nodal hub	Western area next to N2	<ul style="list-style-type: none"> Part of Western Areas development node centred around significant retail development comprising of: Super Regional Shopping Centre (90 000 m2 GLA); 450 000 m2 GLA of mixed retail / office space Motor show rooms , Hospital, Hotel and ICC, Regional offices of multi- national companies, Health life style centre Surrounded by potential residential high density range of residential opportunities ranging from high density high end to low income high density use which will fulfil socio economic imperatives Socio economic integration area Approx 6835 permanent jobs in Baywest development only with potential for further 3000 plus opportunities at full capacity True area for private public partnerships Commuter Rail planned linking Apple Express railway line to Mall Total estimated residential yield in the order of 21300 to 23000 Residential Unit's 	<p>Estimated total development cost for Baywest Precinct: R16bn</p> <p>Estimated total development cost for N2 North: R2bn (Rate income conservatively estimated at R40m p/a)</p> <p>Estimated cost of Westbrook development R4.3 bn -</p>	<p>12 to 15 years</p> <p>5 – 6 years</p>	<ul style="list-style-type: none"> Mall (R2bn) almost complete – to be opened on 22 April 2015 Building plans for hospital, Sanral regional offices, hotel, motor show rooms submitted to commence construction during second half of 2015 Utopia private development aimed at medium to medium high income categories about to commence N2 North integrated mixed use and residential development planning well progressed and under environmental assessment (Public private investment) Extensions to Kuyga / Greenbushes industrial areas being planned Parsonsvey integrated residential and mixed use developments aimed at low, middle income groups under development

NELSON MANDELA BAY: CATALYTIC PROJECTS IN INTEGRATION ZONES							
IZ	PROJECT NAME	TYPE	LOCATION	DESCRIPTION / SCALE / IMPACT	BUDGET (unverified)	TIME FRAME	PROGRESS STAGE
	N2 Nodal area (continued)		Western arterial	<ul style="list-style-type: none"> Enhancing strategic connectivity with other nodal areas, e.g. Zanemvula and Chatty/ Jachtlakte Linking node from the mall to (Chatty) Zanemvula and Uitenhage and surrounds – unlocking full economic potential of the development node Public Private Sector co-funding 	R400m (Est)	2016 – 2018	<ul style="list-style-type: none"> Planning of Western arterial route currently under way and in environmental process Budget estimate for Phase 1a comprising of interchange and link road between N2 and Cape Road Phase 1b linking Walker Drive to N2 intersection to be undertaken by developer (anticipated to happen concurrently with Phase 1a) Only route alignment being done for Phase 2 comprising link road between Cape Road and Stanford Road, linking with Bloemendal Arterial in Zanemvula (Chatty)

The following map shows the location of the selected catalytic projects in relation to the Urban Network Strategy.

FIGURE 37: Catalytic Projects



These catalytic projects will be vigorously pursued during the 2015/16 financial year and beyond. It is the intention to move the catalytic projects as quickly as possible from planning to implementation phase.

It is in the later stages project development that timing and budget aspects of each catalytic project will become better clarified.

Arising from the built environment trends, the following can be seen to be major impediments for the full realization of catalytic projects:

- Moving the projects from planning stage to implementation stage in terms of critical processes.
- The time critical processes such as EIA's, Infrastructure assessments and other expert reports take to complete before costing and viability can be finalised.
- The achievement of the total funding needed for holistic development including civic amenities and facilities such as parks and recreational areas, street lighting, tarred roads, schools and clinics.
- The timing of the provision of services and amenities to be provided by other spheres of government to align with NMBM's development objectives.
- The general funding for associated bulk infrastructure including public transportation.
- The tendency for dependent communities to resist higher density development from the subsidy schemes.
- The lack of interest of private sector investment shown thus far in municipal project areas.
- The difficulties in achieving socio-economic integration in such areas and provision and take-up of a range of housing opportunities.

The Catalytic Projects are being evaluated and assisted through the City Support Programme using expert assistance as well as the Project Preparation Facility (PPF) offered in terms of the CSP Programme by the Development Bank of Southern Africa (DBSA).

The PPF is a programme of assistance from the DBSA, for qualifying Local Authorities to prepare catalytic projects up to implementation stage. This includes funding or resources for necessary expert studies and viability assessments.

In addition to the catalytic projects identified above, the National Minister of Human Settlements in her July 2014 Budget Speech identified the need for strategic and integrated spatial master planning and the identification and implementation of Mega Projects in priority areas.

The NMBM is considering the following “mega projects”, not yet approved by Council.

- Mega Project 1: Motherwell West Nu 12, 29-31
- Mega Project 2: Walmer/Summerstrand Ext./Driftsands Mixed Housing
- Mega Project 3: Fairview West
- Mega Project 4: Greater Happy Valley Project Area
- Mega Project 5: Greater Uitenhage-Despatch-Kwanobuhle Project Area Spatial Transformation
- Mega Project 6: Helenvale Upgrading

The following table has been prepared, showing the Budget for projects in the elements of the Urban Network Strategy described above.

TABLE 28: Integration Development Zones

Motherwell

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20120030	KwaNobuhle Area 11	20,636,665	23,000,000	11,000,000
20120055	Motherwell NU 30	29,724,780	26,653,500	15,580,000
20120061	Motherwell NU 31	-	1,000,000	-
20130061	Ramaphosa West	-	250,000	11,701,500
19930329	Motherwell Electrification - Bulk Supply	419,112		695,550
19960193	Wells Estate Reinforcement	1,014,211	1,245,800	1,333,300
20120083	Motherwell Depot	630,522		-
20110054	Motherwell Main Sewer Upgrade	295,043	3,000,000	3,000,000
20110068	KwaNobuhle Area 11 – Link Sewer	738,761	15,000,000	15,000,000
20080126	SMME Hive	630,200	9,509,650	-
20080079	Wells Estate - Stormwater Improvements	2,608,850		-
19940233	Motherwell Canal Wetlands		1,000,000	3,695,550
20030379	Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure		6,574,200	9,000,000
19990104	Coega Reinforcement	1,474,540	15,000,000	15,000,000
20050097	Nooitgedacht/Coega Low Level System	37,546,288	60,000,000	75,103,276
20080137	Reclaimed Wastewater			200,000
19930264	Informal Housing Electrification			5,107,500
19930283	Public Lighting			3,000,000

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
19980220	Traffic Calming Measures			420,000
19980285	Upgrade Existing Sports Facilities			200,000
20010362	Upgrade and Development of Public Open Spaces			1,100,000
20030034	Markman - Replace 600mm Sewer			500,000
20030221	Office Accommodation -Ward Councillors			400,000
20050286	Tarring of Gravel Roads			14,200,000
20060081	Coega Reclaimed Effluent Scheme			1,000,000
20060106	Motherwell North Bulk Sewerage			1,000,000
20080079	Wells Estate - Stormwater Improvements	2,608,850		-
20090018	Motherwell Traffic and Licencing Centre			8,059,913
20090038	Stormwater Improvements Ikamvelihle			2,000,000
20100100	Playground Equipment			250,000
20110054	Tynira / Endlovini - Sewerage			1,000,000
20130022	Relocation of existing electrical services			777,280
TOTAL		98,327,822	162,233,150	200,323,869

Jachtlakte / KwaNobuhle Area

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
19930264	Informal Housing Electrification			22,927,000
19930283	Public Lighting			3,050,000
19980220	Traffic Calming Measures			420,000
19980285	Upgrade Existing Sports Facilities (Jabavu Stadium)			2,500,000
19980285	Upgrade Existing Sports Facilities			2,000,000
20000149	Maintain/Rehabilitate Sports Facility Infrastructure			4,000,000
20010307	Upgrading Groendal Treatment Works			5,000,000
20010362	Upgrade and Development of Public Open Spaces			1,370,000
20030421	Cemetery Development			400,000
20030601	Construction of a 1,0 Ml reclaimed effluent reservoir: Uitenhage			-
20050248	Bucket Eradication Programme - Container Toilets			9,350,000
20050286	Tarring of Gravel Roads			

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
				8,800,000
20060020	Provision of Sidewalks			1,100,000
20060103	Jagtlvakte Bulk Sewerage			1,000,000
20070144	Kwanobuhle WWTW : Upgrading	7,332,455	5,000,000	4,000,000
20070147	Kelvin Jones WWTW: Upgrade	12,175,523	12,000,000	17,000,000
20070156	Fishwater Flats WWTW Upgrade	81,799,483	105,000,000	87,000,000
20080048	Jachtvlakte: Bulk Water Supply Pipeline	218,125	4,000,000	1,000,000
20080048	Jagtlvakte: Bulk Water Supply Pipeline			-
20080078	Chatty: Stormwater Improvement			5,000,000
20080138	Kwanobuhle: Upgrading of sewer reticulation	-	1,000,000	-
20080138	Kwanobuhle: Upgrade of sewer reticulation			1,000,000
20080144	Kwanobuhle: Upgrading of water reticulation	-	1,000,000	-
20080144	Kwanobuhle: Upgrading of water reticulation			-
20100057	Security upgrade - KwaNobuhle Fire Station		577,000	-
20100077	KwaNobuhle Municipal Aerodome			500,000
20100100	Playground Equipment			500,000
20110056	Swartkops Low Level Collector Sewer Upgrade	6,581,438	8,800,000	10,000,000
20110068	KwaNobuhle Area 11 - Link Sewer			15,000,000
20110091	Khayamnandi Extension	66,280,641	37,074,650	17,465,000
20120030	Kwanobuhle Area 11 - Human Settlement (Services)			11,500,000
20120033	Jachtvlakte (Chatty 11-14)	1,671,577	1,847,150	
20120085	Kwanobuhle Reservoir Link Watermain	-	2,000,000	-
20130022	Relocation of existing electrical services			3,489,130
20130038	ERF 8228	136,372	1,126,350	500,000
20140010	IPTS - Construction of Bloemendal Aterial			10,000,000
TOTAL		176,195,614	179,425,150	245,871,130

Ibhayi/Njoli

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
19930264	Informal Housing Electrification		-	4,199,500
19930283	Public Lighting		-	1,370,000
19980285	Upgrade Existing Sports Facilities		-	500,000
19990168	Njoli Square Redevelopment	10,188,905	17,543,860	21,929,825
20010118	Ibhayi Reinforcement	771,927	2,337,650	622,200
20010362	Upgrade and Development of Public Open Spaces		-	300,000
20030475	New Brighton/Kwazakhele: Bulk Stormwater	593,194	2,000,000	2,000,000
20050286	Tarring of Gravel Roads			1,300,000
20060020	Provision of Sidewalks	850,000	350,000	-
20100100	Playground Equipment	-	-	250,000
20100104	Mendi Bottle Road to Arts and Cultural Centre			9,000,000
20110095	Red Location - New Brighton	10,072,920	1,600,000	-
20120053	MK Silver 2 Qaqawuli - Human Settlement (Services)		-	27,000,000
20120060	Masakhana Village	152,261		
20130022	Relocation of existing electrical services		-	639,100
20130039	Mandela Village Housing Project		1,661,610	
	MBDA - Singapi Rd Upgrade - Phase 2 and 3			20,000,000
TOTAL		22,629,207	25,493,120	89,110,625

Source: NMBM Budget & Treasury, 2014; the MBDA intends spending R23 million in the CBD on upgrading projects.

4. OUTCOMES AND OUTPUT

Urban Settlements Development Grant and Human Settlements Development Grant

The Municipality has shifted its focus from simply providing shelter to establishing integrated sustainable human settlements and providing good quality housing. In the establishment of integrated human settlements in terms of the 2014/15 financial year priorities, the Municipality has prioritised the following outputs:

- Provision of 835 state subsidised housing units.
- Provision of permanent water and sanitation services to 4000 sites.
- Upgrading of 4 informal settlements to formal settlements.
- The tarring of 7km of gravel road.
- Installation of 1km stormwater drainage.
- Relocation of 1200 households living in stressed informal settlements and other servitudes to Greenfield development areas.
- Rectification of 112 defective state subsidised houses.

Neighbourhood Development Partnership Grant

R13,6 million is provided in 2015/16 financial year. This will be spent on two projects namely Fountain Road Youth and Advice Centre (R6 million) and the Motherwell Thusong Centre (R7,6 million). Both developments already exist and the funding will be spent on improving the amenities, security and appearance of the existing centres so that they are more user friendly for the public.

Integrated National Electrification Programme

Subject to DoE grant funding approval, it is intended to create 3 860 electricity connections at a total value of R42 million. Areas benefitting include Chatty, Motherwell, Khayamandi, Joe Slovo West, Silvertown, Red Location, Walmer and Ekuphumleni.

Electricity connections will greatly enhance the quality of life of beneficiaries.

Outcomes and impact for each Integration Zone

The above tables indicate that the draft 2015/16 budget is largely focused on bulk service installation in the integration zones.

5. INSTITUTIONAL AND FINANCIAL ARRANGEMENTS

In terms of the Capacity Support Implementation Plan, Nelson Mandela Bay Municipality will receive technical support and expert review to enhance capital planning, the budget process and a financial sustainability strategy.

It has been the experience that NMBM has in the past had difficulty in adequately assessing capital and operating budget priorities. The support from the City Support Programme will assist in reaching agreement around priorities and ensuring the correct priorities are addressed.

5.1 INSTITUTIONAL ARRANGEMENTS FOR INTEGRATED PLANNING

The following institutional arrangements are in place for integrated planning:

- **Integrated Development Matrix**

(see Section 3.2.5 above)

- **Multi-disciplinary Technical Task Team (MDTTT)**

A Multi-Disciplinary Technical Task Team comprising senior management representatives from all the directorates of the Metro has been in existence since 2007 as a platform for inter-departmental and inter-disciplinary interaction on technical matters of strategic importance to the Metro. The MDTTT meets on a monthly basis to discuss and consider matters of cross-sectoral relevance and has since its inception added enormous value to the notion of integrated planning and implementation in the Metro. The MDTTT has no decision-making authority, but serves as a platform to consider and prepare technical recommendations to Council.

- **Integrated Human Settlements Development**

The Municipality follows an integrated approach towards all human settlements projects. This is achieved through the Integrated Development Matrix, as well as the Cluster approach, adopted by the Municipality as an integrated project mechanism.

- **External Capacity Support**

Internal capacity is supported through the sourcing of external contractors to deliver top structure services and install services. This approach places the Municipality in a position to deliver more services in housing than the current funding opportunities allow. The same approach is being used to implement all engineering projects.

- **Project Team Approach**

The creation of project teams, which include Infrastructure and Engineering, Human Settlements, Public Health and professional service providers, ensures a well co-ordinated and managed project.

- **Management Information Systems**

The NMBM Corporate GIS is currently implementing various management systems, which facilitate integrated processes in general, including those processes related to low income housing and project management. These systems are reflected below:

- **Project ILIS (Integrated Land Information System)**

Project ILIS manages all processes relating to land, thereby keeping a record of all land transactions. These include subdivisions, consolidations, township establishment, rezonings, departures, special consent, sale of land, acquisition of land, lease of land, building plans, and site development plans. Project ILIS includes systems for the following:

- **Housing Delivery Management System (HDMS)**

As part of Project ILIS, an IT system is required to ensure that houses are constructed on the correct erven and that beneficiaries are correctly assigned to the identified properties.

- **Building Plans Management System**

The management of the building plan approval process is electronically done through the ILIS system.

- **Land Application Management System (LAMS)**

A critical component of Project ILIS relates to managing all applications submitted that relate to land. LAMS records details of the application and then tracks applications as they follow the route through the Municipality.

5.2 INSTITUTIONAL ARRANGEMENTS FOR CAPITAL PROGRAMME MANAGEMENT

The NMBM has set up a Capital Programme to implement infrastructure to meet its developmental needs, as captured in the IDP. The supporting sector plans identify the needs/gaps in infrastructure, which are then scheduled for implementation in the three-year Capital Programme.

Planning for implementation includes the concept designs, environmental assessments, final designs and construction, which are the different phases that are planned for and that are critical for the successful spending of the Capital Budget. In the 2013/14 financial year the municipality managed to spend 98.7% of the Capital Budget despite serious setbacks and challenges the Municipality faced and will continue to face. Structures have been set up for the monitoring of implementation and expenditure, as follows:

- Directorate
 - Projects management of individual projects.
 - Reporting to the Portfolio Committees.
- Quarterly performance
 - Report of performance on SDBIP.
 - Grant budget performance.
 - Budget implementation.
- Annual
 - Reporting of Directorates' annual performance.
 - Annual SDBIP performance.

The above measures assist the successful implementation of the Budget Programmes and the Annual Report. Although budget expenditure of over 95% has consistently been achieved, concerns have been raised about the “hockey stick” expenditure curve versus the traditional S-curve. This theory can be tested on individual projects, considering that over 200 projects are being implemented. If all projects were scheduled for completion by 30 June 2015, this S-curve would result, but as this is not the case, it will seldom be achieved; within the municipal implementation space, various other factors impact seriously on the project cycle, such as:

- Ward priorities and ward-based budgets for housing development and tarring of gravel roads.
- Community objections.
- Small, medium and micro enterprise contractors: Demand for work and the associated work stoppages.

To continue to improve expenditure patterns, no project will be allowed to enter the capital program unless it has a clear procurement plan. To facilitate this, an electronic centralized procurement plan module is in its final stages of development as part of the Supply Chain Management Information System.

5.3 SUPPLY CHAIN MANAGEMENT AND PROCUREMENT PLAN

The Municipality has a Supply Chain Management Policy and System in place. These comply with legislation requirements and govern all supply chain management processes, including tender specifications, evaluation and adjudication.

The Municipality also has a Supply Chain and Contract Management Unit to assist project managers and directorates in procurement processes.

Approximately 45% of the 2015/16 Capital Budget is contractually committed to projects as procurement of those multi-year projects started in the 2014/15 financial year. Due to the infrastructure planning and condition assessment cycles, the procurement plans of some project only kick start the procurement processes late in the financial year.

In the 2013/14 financial year, the Municipality enhanced its contract management system to a completely electronic supply chain management information system. This municipality now has a paperless supply chain system for all new demands that started in the 2014/15 financial year. This will ensure security of information and assist to eliminate irregular expenditure due to incomplete tender files, improved turnaround times and improved record keeping.

5.4 PARTNERSHIPS

No formal public-private partnerships in terms of legislation are in place. It is the intention of the Municipality to explore these options in the development of the N2 North Node and in future hubs.

Currently, a partnership exists in respect of the Bay West Development, in the form of a municipal services agreement. This agreement commits the developers and the Municipality to counter-funding for the provision of bulk services to the area.

The Mandela Bay Development Agency (MBDA) is a development agency and implementing partner of the Municipality. Initially, MBDA projects were confined to the CBD area of the Municipality known as its mandate area, however, its mandate has expanded to include other areas such as Helenvale, Motherwell and portions of Ibhayi.

5.5 VALUE OF PROGRAMMES AND PROJECTS BY SECTOR

The following is the value of programmes by Sector:

TABLE 29: Value of Programmes and Projects by Sector (Vat Incl.)

Directorate	2013/14 Actual Capital Expenditure	2014/15 Capital Budget	Draft 2015/16 Capital Budget
Budget & Treasury	23,542,175	10,260,000	87,780,000
Chief Operating Officer	2,235,612	6,650,000	7,809,000
Corporate Services	43,334,329	15,700,000	30,837,000
Economic Development, Tourism and Agriculture	216,423	-	17,211,258
Recreational & Cultural Services	12,000,664	21,000,000	37,620,000
Human Settlements	175,634,029	245,223,000	199,622,915
Electricity and Energy	200,350,150	195,391,081	271,083,280
Roads, Stormwater, Transportation & Fleet	608,400,654	462,340,919	461,645,200
Water Services	183,548,516	206,480,000	190,953,735
Sanitation Services	227,639,306	366,491,000	307,743,000
Public Health	47,928,795	58,490,000	62,281,107
Safety & Security	5,708,580	11,822,000	14,270,520
Motherwell Urban Renewal Programme	11,033,557	-	10,267,183
Source: NMBM Budget & Treasury, 2015	1,571,015,023	1,599,848,001	1,784,561,108

5.6 VALUE OF PROJECTS BY INTEGRATION ZONES

The value of projects for the identified integration zones is as follows.

TABLE 30: Value of Projects by Draft Integration Zones (VAT Incl)

Integration Zone	2015/16 Development Priorities	% Allocation
Motherwell Area	R 228,369,211	14%
Jachtlakte/KwaNobuhle Area	R 280,293,088	17%
Walmer Area	R 104,183,865	6%
N2 Area	R 33,892,200	2%
Ibhayi/Njoli Node	R 101589113	6%
Rest of the Metro	R 939,319,281	55%
Totals	R 1,687,643,757	100%

5.7 NON-INFRASTRUCTURE RELATED INTERVENTIONS IN INTEGRATION ZONES

Specific consideration will be given to non-infrastructure related interventions as the integration zones are developed further..

It is recognised that successful urban areas are not only brought about by bricks and mortar, but by management systems, such as Special Rating Areas (SRA's) in CBD areas. The first operating SRA exists in Richmond Hill. Property owners pay a levy through the municipal accounts and the amount is paid over to a specially created company that looks after services. Other areas as candidates as SRA's are being considered.

5.8 APPLICATION OF GRANT ALLOCATIONS

Application of grant resources is reflected below.

The Nelson Mandela Bay Municipality fully complies with the grant conditions as stipulated in the Division of Revenue Act. For this reason a conscious decision was made to apply the grant in the following areas:

To formalize informal areas by providing:

- Portable running water to support housing delivery and upgrading of informal human settlement.
- Water borne sewerage to support housing delivery and upgrading of informal human settlement.
- Increase water treatment capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlement.
- Increase water network capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlement
- Upgrading and expanding the waste water and sewerage treatment facilities to handle the additional affluent that need to be treated as informal settlement are upgraded and developed.
- Upgrading the pipe network capacity to handle the additional sewerage and waste water flow as result of housing delivery and the upgrading of informal settlements
- Bucket Eradication
- Tarring of gravel roads and provision of stormwater networks as part of the upgrading program of informal settlements.
- Provision of sidewalks when areas are upgraded and new areas developed to ensure a safe environment for pedestrians.

The NMBM applies its grant funding (USDG) for the development of infrastructure that supports its Housing Programme. This has resulted in the installation of water and sewer pipelines that serve each of the identified human settlements for house construction. In addition, the funds have also been used for the upgrade and development of sewer pump stations and water and waste water treatment works. With this as background, it has also formed the basis of the NMBM adopted approach that the best way to eradicate buckets is through the establishment of integrated human settlements, in terms of which communities are relocated from stressful situations to subsidised houses (HSDG) with waterborne sanitation. Recently other bucket eradication initiatives have been introduced as recorded elsewhere in this report. The challenge is the misalignment of the USDG and the HSDG because of beneficiary management challenges.

TABLE 31: Application of Grant Resources

Urban Settlements Development Grant			846,480,000
	Tarring of Gravel Roads	91,200,000	
	Bulk Water	200,187,735	
	Bulk Sanitation and Bucket Eradication	355,469,350	
	Internal Services for Housing Delivery	199,622,915	
DME - Electrification Grant			35,500,000
	Informal Housing Electrification	35,500,000	
Integrated Public Transport System (IPTS)			222,256,000
	Public Transport Infrastructure	222,256,000	
Neighbourhood Development Partnership Grant			20,000,000
	Local Economic Development	20,000,000	
Total Grant Funding for the Draft 2015/16 Capital Budget (Vat Incl)			1,124,236,000

Source: NMBM Budget & Treasury, 2015

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ANNEXURE “A”**PERFORMANCE MATRIX**

The attached Performance Matrix has been populated with available information as far as possible. The Performance Matrix as was submitted in the 2014/15 BEPP is attached and will be refined. In accordance with a directive received in October 2014 from National Treasury, the performance matrix will be finalised by the 2016/17 BEPP submission and will be aligned to the institutional Service Delivery and Budget Implementation Plan.

ANNEXURE “B”**Key economic drivers (source: Rand International Capital Report, prepared for Nelson Mandela Bay Business Chamber, 2011)****(a) Overview of Eastern Cape economy**

Nelson Mandela Bay is situated in the Eastern Cape Province of South Africa. The Eastern Cape Province is located on the Southern-most coast of Africa and is the second largest of South Africa's nine provinces, covering approximately 170,000 square kilometers, with a population of 6.4 million, of which 65 percent live in rural areas. The ports of Port Elizabeth and East London are well established and the new deepwater port of Ngqura in Port Elizabeth adjacent to the Coega Industrial Development Zone (IDZ), is South Africa's flagship industrial port.

The Coega IDZ was established in order to maximise economic development within the region by focusing on export-orientated manufacturing and industrial activities within a range of core activities seen as locationally competitive within the Eastern Cape. The IDZ is supported by world-class infrastructure and services provided within the Zone.

According to Statistics South Africa, the Eastern Cape economy recorded a growth rate of 2.4% in 2008. This was below the country's growth rate of 3.1% for the year. The regional GDP of R155,520 million at current prices for 2007 was the fourth largest in the country, with employment also placed fourth (1,258,000 out of 12,885,000 for South Africa).

The industrial sector, including transport, contributes approximately 32% of the gross geographic product in the Eastern Cape. The main economic drivers are the automotive industry, petro-chemicals and food processing. Approximately 40% of the national automotive industry is based in the region, with a large Daimler-Chrysler automotive assembly plant in East London and Volkswagen and General Motors plants situated in Nelson Mandela Bay.

The largest number of employees in the Eastern Cape is in the Services and General Government sector (at 290 708), with manufacturing providing employment for 106 419 in 2009. Trade – represented by wholesale, retail and accommodation, which is also a proxy for tourism – was the next largest employer in the Eastern Cape, with 96 260 employees.

(b) Overview of Nelson Mandela Bay economy

Nelson Mandela Bay consists of the city of Port Elizabeth and the adjacent areas of Uitenhage, Despatch and Colchester. Port Elizabeth is South Africa's fifth-largest city, and the areas of Uitenhage and Despatch are two residential areas with industrial components within the metropolitan area. Uitenhage is located at the foothills of the Winterhoek Mountains and lies about 24 km north of Port Elizabeth. The Addo Elephant National Park is situated 45 kilometers north of Uitenhage. Uitenhage's economy is strongly dependent on the motor industry: Volkswagen, Lumotech and Goodyear have plants and factories in Uitenhage.

Despatch lies on the banks of the Swartkops River between Port Elizabeth and Uitenhage. Its name reflects its early function as a place for despatching bricks via rail to Port Elizabeth.

The Nelson Mandela Bay Municipality was the first metropolitan municipality in the Province and is one of seven metropolitan areas in South Africa.

Nelson Mandela Bay covers an area of approximately 200 000 hectares and is bordered by the Sundays River to the north and the Van Stadens River to the west.



Nelson Mandela Bay is the largest contributor to the Eastern Cape economy, generating 42% of the provincial Gross Geographic Product (GGP). Of its population of about 1.1 million, 26% are employed. The Nelson Mandela metropolitan area has a large pool of both skilled and unskilled labour, excellent infrastructure in terms of road and rail, and provides easy access to both the Port Elizabeth and Ngqura ports and the Airport.

Nelson Mandela Bay is one of the major industrial areas in South Africa and is the primary manufacturing hub of the Eastern Cape. Traditionally, economic growth in the Nelson Mandela Bay area has been strong, but dependent on a narrow industrial base and traditionally been driven by a few sectors only, mainly automotive vehicle and component manufacturing and exports.

The table below provides a snapshot of the evolution of the local economy between 1999 and 2009 in terms of GGP, with employment numbers per major economic sector.

TABLE 1: Snapshot of the evolution of local economy

Economic Sector	GGP - Rm 1999	GGP - Rm 2009	% Change 1999 - 2009	Jobs 1999	Jobs 2009	% Change 1999 - 2009
Agriculture	108	121	12%	4,472	3,390	-24%
Mining	83	65	-22%	423	564	33%
Manufacturing	8,686	11,921	37%	59,254	50,635	-15%
Electricity	562	645	15%	1,176	1,208	3%
Construction	529	1,302	146%	11,088	10,752	-3%
Trade	4,839	6,337	31%	46,293	32,744	-29%
Transport	4,049	6,750	67%	13,650	9,680	-29%
Finance	7,201	12,459	73%	17,782	26,835	51%
Services	9,345	12,370	32%	52,111	63,089	21%
Private households				23,640	28,397	20%
Taxes less Subsidies	4,903	6,788	38%			
Total GGP	40,305	58,757	46%	229,889	227,294	-1%

Source: Rand International Capital interpretation of Global Insight data, 2008 and 2009.

Note: The GGP figures are in constant 2005 prices in Rand million.

The following points are worthy of mention when analysing these sectoral trends in the Metro's economy over ten years:

- Real total Gross Geographic Product growth (at constant 2005 prices) increased by 46%, whilst employment declined by 1% over the same period ('Jobless Growth').
- The finance, insurance and real estate sector has grown by 73% and is the single largest sector, at 21.2% of GGP. It has also been the largest contributor to new employment, at 51% of the 1999 total.
- The general services and government services sector is the second largest contributor to GGP, but with the most employment creation at 63 089 jobs or 27.8% of total employment, reflecting a growth rate of 21% over the past decade.
- Manufacturing is the third largest sector in the local economy, at 20.3%, employing 50 635, which represents a substantial decline over the past decade; and
- The largest growth over the period was in the construction sector, at 146%, with only a 4.7% growth in employment in the sector. The sector accounts for 2.2% of GGP.

The manufacturing industry in Nelson Mandela Bay is traditionally seen as the dominant industry in the region, even though it has moved to third position in terms of actual GGP per sector. The dominant industrial activity in Nelson Mandela Bay is the motor vehicle and components industry.

The two major motor vehicle manufacturers in the Metro are: Volkswagen South Africa (VWSA) and General Motors. VWSA's plant is located in Uitenhage, while General Motors has plants in Sidwell, Struandale and Neave in Port Elizabeth. The Ford Motor Company of Southern Africa produces the Ford RoCam engines at a plant in Struandale. These engines are exported to Europe, Russia, India and China.

An indication of the manufacturing activity in the Eastern Cape and the NMBM is provided in the table below, which also indicates the growth of the various sectors over the past decade, together with the NMBM's contribution to the various sectors in the Eastern Cape.

TABLE 2: Manufacturing activity in the Eastern Cape and Nelson Mandela Bay

Manufacturing Sector	EC Total	% Growth 1999 - 2009	NMBM Total	% Growth 1999 - 2009	% NMB of EC
Food, beverages	3,481	31%	1,347	38%	39%
Textiles, clothing	1,612	19%	546	28%	34%
Wood & Paper	772	6%	384	12%	50%
Fuel, petrol, chemical	4,010	19%	3,166	21%	79%
Other non-metallic	550	14%	377	17%	69%
Metal products, machinery	1,916	29%	895	36%	47%
Electrical machinery	954	33%	709	36%	74%
Electronic, sound	210	31%	100	32%	48%
Transport equipment	5,419	25%	3,814	28%	70%
Furniture and other	1,271	7%	583	15%	46%
Total	20,195	23%	11,921	27%	59%

Source: Rand International Capital interpretation of Global Insight data, 2008 and 2009.

An analysis of the table reveals the following pertinent trends:

- The real growth of the sector (at constant 2005 prices) over a decade has been 23% for the Eastern Cape and 27% for Nelson Mandela Bay.
- The transport equipment sector represents the bulk of the automotive industry and 27% of total manufacturing in the Eastern Cape and 32% of Nelson Mandela Bay. Growth has been 25% and 28% respectively.
- The fuel, petrol and chemical sectors, together with metal products and machinery, is another contributor to the automotive industry and represents 29% of the Eastern Cape and 35% of the local industry, with an average growth rate of approximately 25%.
- Nelson Mandela Bay accounts for 59% of total manufacturing production in the Province, with 79% of the fuel and chemicals sector, 70% of the transport equipment (automobile) sector, and 47% of the metal products sector, all predominantly automotive related.
- Food and beverages has indicated strong growth at 31% in the Province and 39% in the Metro, which bodes well for food security in the region.
- The decline of the textile and clothing industry in the Province and the Metro is evident from the relatively low proportions of the manufacturing sector, occupying 8% and 5% for the Province and the Metro respectively.

Tourism as an industry is vigorously pursued, both nationally and provincially, and typically spans a number of sectors, making it difficult to measure actual performance. The tertiary sectors of trade and finance, services and transport typically include components of tourism expenditure. The tertiary sector has demonstrated the most significant growth in output and employment over the past decade.

Nelson Mandela Bay was host city to eight of the 2010 FIFA World Cup soccer games at its award-winning new Nelson Mandela Bay Stadium. The World Cup generated more than R163 million in expenditure in Nelson Mandela Bay and created 614 direct and 834 indirect jobs in the tourism sector. A cumulative 28 billion viewers in 208

countries were exposed to the city, with an estimated media value of R188 million. A total of 245,555 soccer fans attended the Fifa Fan Fest at St George's Park, while 286,000 supporters attended the eight matches held in Nelson Mandela Bay.

From January to February 2013, the Nelson Mandela Bay Municipality also successfully hosted six AFCON Games, attracting thousands of visitors and earning media and marketing attention to the value of millions of rands. This event was a major boost for the local hotel and hospitality industries.

Tourism's contribution to the Metro's GGP is estimated at 17%. It is estimated that foreign tourist arrivals in Nelson Mandela Bay were approximately 488 182 in 2010, while domestic tourist trips numbered approximately 2 268 700. These trends were extrapolated in the following table:

TABLE 3: Trends in visiting tourists

Visiting Tourists	2006	2007	2008	2009	2010
Foreign Tourist Arrivals	405 600	421 824	438 697	456 245	488 182
Domestic Tourist Trips	2 015 710	2 076 181	2 138 466	2 202 620	2 268 700

Source: Nelson Mandela Metropolitan University Tourism Research Unit, June 2006

The state of Nelson Mandela Bay's economy and infrastructure is healthy and the Metro and organised business are willing and able to welcome and facilitate investment in the region.

The envisaged economic development of the Metro is supported by the Spatial Development Framework and its sector plans.

DEVELOPMENT AREAS

MAP 1: Development Areas in Nelson Mandela Bay

